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Wagner, Napoleon

The plan of utility vs. the
Somers system of taxation

Denver

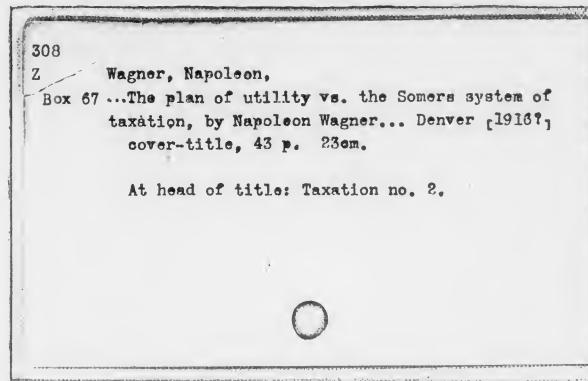
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TAXATION No. 2

The Plan of Utility

VS.

The Somers System of Taxation

By NAPOLEON WAGNER

This paper was hurriedly printed, chiefly for the use of the members of the National Tax Association, for the leading publicists and officials who are sincere students of real tax reform and for all others who may be interested in great economic problems.

Our pamphlet (of 26 pages) on Taxation, 1911, just revised, is the basis for this paper, and for a full understanding should be read first.

THE AUTHOR.

This is the paper which the President-elect of the National Tax Association in San Francisco said, "It is a strictly philosophical paper; it will be published in the Proceedings."

This paper seems to be well based and very intelligently argued, and should receive the widest possible publication.

(GENERAL) FRANK HALL.
(Colorado's famous Historian.)

Mr. S. S. Steckert & Co. New York.
Compliments of Napoleon Wagner.

THE PLAN OF UTILITY

THE SOMERS SYSTEM OF TAXATION

By NAPOLEON WAGNER

San Francisco, Calif., Aug. 10, 1915.

My mission in coming to this Conference is to expose one error, and in doing so one truth was born. On the merits of each, may we hope for a full, free, fair investigation and hearing, based on "Knowledge of the Spirit of Law and Knowledge of the Justice of Law."

My we make bold to ask this Conference and Association to grant such dispensation as the merits of each case may warrant! It seems patent, if not imperative, that we get a decision at this Conference, if possible, in the immediate or speedy interest of the entire human family.

We are informed the Executive Committee are now considering this matter with only part of the papers now in their possession; the balance or a large part of the balance, of the papers, letters, etc., setting forth our reasons, argument and contention, are now here and ready for their use.

The Executive Committee's decision in this matter will be of vital importance, perhaps of the greatest importance, as it probably will mean the life or death of the paramount principle involved in ascertaining values for all purposes; viz.: THE UTILITY SYSTEM vs. THE SOMERS or UNIT SYSTEM OF TAXATION. By "Utility" we mean the value receive or probably receivable for the use of property of all kinds.

ADDITIONAL REASONS, ARGUMENT, etc., RESPECTFULLY SUBMITTED TO THE EXECUTIVE COMMITTEE OF THE NATIONAL TAX ASSOCIATION.

We think the following letters, etc., are equally applicable, conclusively prove and demonstrate that THE INCOME, THE RENTAL VALUE or EARNING POWER is the TRUE and CORRECT BASIS to establish the value of said lots No. 3 and 4 relative to the value of lots in the middle of said block, as well as relative to said lots No. 1 and 2 on the corner of Block 161, East Denver.

If the INCOME OR RENTAL VALUE is the correct basis to establish the value of lots Nos. 3 and 4, it is equally the correct basis to establish the value of lots Nos. 1 and 2, or any and all other lots. We cannot use one basis to establish the value of the one pair of lots and another basis to establish the value of the adjoining lots or any other lots.

It is easy for any community to have a low annual tax levy simply by assessing all its property on the same basis, but it is impossible to have an annual low tax levy where you permit or allow immense value to escape—all assessment and taxation by special privilege.

If the reasoning in these letters by the leading real estate men of Denver, including the Governor of the State of Colorado, is sound and tenable, to ascertain the value of one corner, will it not be equally applicable to ascertain the value of any corner of real estate in any city, regardless of location? If this is acceptable, perhaps eighty per cent. of our tax troubles are over, because the great or chief value of any city

lies in its real estate corners. The cheap inside or middle lots will practically take care of themselves. That is, they can be easily valued by many fair plans or systems.

Denver, Colorado, Dec. 15, 1909.

Mr. Louis F. Bartels, Assessor,
City and County of Denver, Colorado.

Dear Sir:

A few days ago, during our conversation, you asked me for proofs or corroboration from prominent real estate men of my claim or contention of assessment of lots No. 3 and 4, Block 161, E. D. I said to you that I had such letters, but not then with me. I now hand you these old letters, giving estimate value of same, together with several new letters which I just received giving same up to date. When you have finished with the letters, please return them to me. You see by the papers and letters I have taken a very deep interest in this matter of impartial, equitable, proportionate and just assessment for many years. I sought only to secure the free, unbiased, unprejudiced, and independent opinion of a few well qualified representative real estate and business men. I might have secured hundreds of the same opinion or estimate, but I hardly think you require more. But if you do, I will go to the trouble to secure many hundreds of competent estimates to fully establish the fact that my claim and the claim of my friends (yet in truth or fact, many of them are almost strangers to me), are correct, just and equitable, and ought to be granted. Am sincerely sorry to have troubled or bothered you so much, but under the circumstances it seemed unavoidable.

Yours very truly,
(Signed) NAPOLEON WAGNER.

No. 1101 Emerson St., City.

P. S.—Enclosures: First, Mr. W. W. Porter's letter dated March 16, 1900, and others. Second, Messrs. Bennett & Myers letter dated March 15, 1900, and others. Third, Mr. John C. Gallup letter dated Dec. 8, 1909, and others. Fourth, Messrs. Ferris & Conaway letter dated Dec. 2, and others. Fifth, Mr. T. C. Hitchings letter dated Dec. 3, 1909, and others.

Denver, Colo., March 16, 1909.

Dr. N. Wagner,
Denver, Colorado.

Dear Sir:

In reply to your query regarding the cash value of lots 3 and 4, block 161, E. Denver, as compared to other inside lots in the same block, will say that I do not think they are worth to exceed 15 per cent. more and will further say that I do not think they are worth any more on a cash value at this time, eliminating the future possibility of a greater value in consequence of their being next to the corner lot, and consider that possibility very remote on account of the property now being permanently improved.

Very truly yours,
(Signed) W. W. PORTER.

I concur in the above opinion: (Signed) E. W. Merritt, H. H. Thomas & Co., Armour C. Anderson, Jas. D. Whitmore, J. O. A. Carper, John H. Anderson, F. N. Ernest.

INTENTIONAL SECOND EXPOSURE

*Messrs. G. E. Steckert & Co. New York.
Compliments of Napoleon Wagner.*

THE PLAN OF UTILITY

THE SOMERS SYSTEM OF TAXATION

By NAPOLEON WAGNER

San Francisco, Calif., Aug. 10, 1915.

My mission in coming to this Conference is to expose one error, and in doing so one truth was born. On the merits of each, may we hope for a full, free, fair investigation and hearing, based on "Knowledge of the Spirit of Law and Knowledge of the Justice of Law."

May we make bold to ask this Conference and Association to grant such dispensation as the merits of each case may warrant! It seems patent, if not imperative, that we get a decision at this Conference, in the immediate or speedy interest of the entire human family.

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It is easy for any community to have a low annual tax levy simply by assessing all its property on the same basis, but it is impossible to have an annual low tax levy where you permit or allow immense value to escape—all assessment and taxation by special privilege.

If the reasoning in these letters by the leading real estate men of Denver, including the Governor of the State of Colorado, is sound and tenable, to ascertain the value of one corner, will it not be equally applicable to ascertain the value of any corner of real estate in any city, regardless of location? If this is acceptable, perhaps eighty per cent. of our tax troubles are over, because the great or chief value of any city

lies in its real estate corners. The cheap inside or middle lots will practically take care of themselves. That is, they can be easily valued by many fair plans or systems.

Denver, Colorado, Dec. 15, 1909.

Mr. Louis F. Bartels, Assessor,

City and County of Denver, Colorado.

Dear Sir:

A few days ago, during our conversation, you asked me for proofs or corroboration from prominent real estate men of my claim or contention of assessment of lots No. 3 and 4, Block 161, E. D. I said to you that I had such letters, but not then with me. I now hand you these old letters, giving estimate value of same, together with several new letters which I just received giving same up to date. When you have finished with the letters, please return them to me. You see by the papers and letters I have taken a very deep interest in this matter of impartial, equitable, proportionate and just assessment for many years. I sought only to secure the free, unbiased, unprejudiced, and independent opinion of a few well qualified representative real estate and business men. I might have secured hundreds of the same opinion or estimate, but I hardly think you require more. But if you do, I will go to the trouble to secure many hundreds of competent estimates to fully establish the fact that my claim and the claim of my friends (yet in truth or fact, many of them are almost strangers to me), are correct, just and equitable, and ought to be granted. Am sincerely sorry to have troubled or bothered you so much, but under the circumstances it seemed unavoidable.

Yours very truly,

(Signed) NAPOLEON WAGNER.

No. 1101 Emerson St., City.

P. S.—Enclosures: First, Mr. W. W. Porter's letter dated March 16, 1900, and others. Second, Messrs. Bennett & Myers letter dated March 15, 1900, and others. Third, Mr. John C. Gallup letter dated Dec. 8, 1909, and others. Fourth, Messrs. Ferris & Conaway letter dated Dec. 2, and others. Fifth, Mr. T. C. Hitchings letter dated Dec. 3, 1909, and others.

Denver, Colo., March 16, 1900.

Dr. N. Wagner,

Denver, Colorado.

Dear Sir:

In reply to your query regarding the cash value of lots 3 and 4, block 161, E. Denver, as compared to other inside lots in the same block, will say that I do not think they are worth to exceed 15 per cent. more and will further say that I do not think they are worth any more on a cash value at this time, eliminating the future possibility of a greater value in consequence of their being next to the corner lot, and consider that possibility very remote on account of the property now being permanently improved.

Very truly yours,

(Signed) W. W. PORTER.

I concur in the above opinion: (Signed) E. W. Merritt, H. H. Thomas & Co., Armour C. Anderson, Jas. D. Whitmore, J. O. A. Carper, John H. Anderson, F. N. Ernest.

Dr. N. Wagner,
Denver.

Mar. 15, 1900.

Dear Sir:

In reply to your inquiry regarding the value of lots 3 and 4 in block 16, East Denver, will say that, considering the permanent improvements on the two corner lots and the permanent improvements on your own lots, we are of the opinion your lots are worth not to exceed 15% more than any other two inside lots in that block. We figure this on a basis of the rental value of the inside stores between 16th and 17th Streets.

Yours truly,
(Signed) BENNETT & MYERS.

Dr. N. Wagner,
City.

Denver, Colo., Dec. 3, 1909.

Dear Sir:

Our opinion of the relative value of lots 3 and 4, block 161, East Denver, is the same as when we wrote the above letter, March 15, 1900.

(Signed) BENNETT & MYERS.
Dee. 3, 1909.

I concur in the above statement. (Signed) Armour C. Anderson.
I also concur in the above statement of Bennett & Myers. (Signed) H. M. Porter.

Denver, Colo., Dec. 8, 1909.

Mr. Louis F. Bartels,
County Assessor, City.

Dear Sir:

Dr. Napoleon Wagner has several times explained to me what seems to be an injustice in the assessment of his two lots, namely, lots 3 and 4, block 161, East Denver. Of course, we are all familiar with the property. We generally consider the third and fourth lots to be worth more than the other inside lots, but we also know that the value is problematical that is to a great extent a speculation, and that the corner saps the life out of the inside lots. To me it seems that we ought to consider his property itself, not in relation to the other lots or other property. If there is any value outside of the other inside lots, it is because it is next to the two lots on the corner, and we should realize that he has put up a very substantial three-story building, a building which will stand for a good many years, but if they commence to buy his lots in connection with the two lots on the corner, the building would be worthless, that is to say, it will cost about as much to take it down as the material would be worth. Therefore, as he can get no more rent from his building than the next two lots inside or any other pair of inside lots, it probably to him is worth no more because the minute he sells the two lots to the corner, he loses the value of the building. Isn't that right? It seems to me that any value outside of the other inside lots is imaginary or speculative and is not taxable. We cannot tax something because in the future it may be worth more, and that seems to me what is being done in the case of Dr. Wagner.

I understand, Mr. Bartels, that you have a hard position to fill, and I do not want to annoy you in any way, and knowing you as I do, that you are an honest man, you will be anxious to find the right of a thing, and when it comes from close friends you will, no doubt, consider the

opinion of your fellow real estate man. That is the reason why I have written to you, believing that the assessment has not been just.

With kind regards, believe me,

Very sincerely yours,
(Signed) JOHN C. GALLUP.

I fully concur with the above. (Signed) Thos. Keely.

I agree with Mr. Gallup's view of the matter. (Signed) T. L. Bartlett, Pres. Chamber of Commerce.

Think there is merit in this contention in view of the fact that the corner lots carry permanent improvements. (Signed) W. A. Hover.

I concur in all that John Gallup says in regard to the value of these lots. (Signed) Chas. H. Scott, Pres. of Record Abstract Co.

I fully concur in what Mr. Gallup says on this sheet. (Signed) William F. Marrs, Mgr. Denver Title Co.

I fully concur in Mr. Gallup's letter. (Signed) Joel W. Shaefel-ford.

As to the relative value, I think the reasoning of Mr. Gallup is correct. (Signed) John F. Shaefel-ford, Governor of Colorado.

I concur in Mr. Gallup's opinion in regard to the value of the lots referred to. (Signed) The Stephens-Wilmot Inv. Co., H. J. Stephens, Prest.

We concur with this letter. (Signed) Lyons-Johnson.

Dr. Napoleon Wagner.

Denver, Colo., Dec. 2, 1909.

Dear Sir:

In reply to your inquiry as to the value of lots 3 and 4, block 161, East Denver, Nos. 1648 to 1654 California Street, adjoining the Nevada building, would say: They are not worth to exceed 15% more than any lots in the middle of said block on California between 16th and 17th Sts. This would be my testimony in any court of justice, if called upon to value the same. At present lots Nos. 1 and 2 on corner absorb all the special benefits. They also absorb all special value of the entire corner, such as 125 feet frontage, room for many stores, light, air, elevator service, etc., leaving only common or general cross street values to lots 3 and 4, etc. Hence the mere proximity or fact of 3 and 4 being near this very valuable corner does not enhance its value much, if any, over and above lots in the center of said block, certainly not to exceed 15%. Just so long as Nos. 3 and 4 are shut out, cut off and denied and deprived from sharing any corner or special benefits, it cannot afford and ought not to be burdened with helping to pay the taxes which lots Nos. 1 and 2 ought and can very well afford to pay for appropriating all the extra or special value of the entire corner. If Nos. 1 and 2 take all the special benefits of the entire corner, they likewise take all the liability of extra valuation and taxation for the entire corner. If Nos. 1 and 2 share special corner benefits with Nos. 3, 4, 5, 6, or more, then these will share immediate liability of extra valuation with Nos. 1 and 2, thereby all may be greatly benefited, and the state or county derive two or more times the amount it could collect from several separate owners. If in the future, Nos. 1 and 2 should buy 3 and 4 to consolidate or any arrangement be made to enable 3 and 4 sharing in these special corner privileges or benefits, then and not until then, should Nos. 3 and 4, or

more lots be called upon to share the tax or burden of Nos. 1 and 2. I know that lots Nos. 3 and 4 are generally considered the key to the corner, and occasionally, but very rarely compared to the number of corners, are sold for a high price, for purposes of consolidation, and in some instances making the four or six corner lots when combined worth two or three or more times what they were worth when all owned separately. *When this occurs there is a new and additional value created, not only for assessment, but for rent, sale, permanent investment, etc.* It is my opinion the assessor has to deal only with present cash values. He therefore *must wait until this new and additional value is created*, or brought forth by consolidation, before requiring Nos. 3, 4, 5, 6, 7 or 8 to pay for some *imaginary corner benefits*, which they do not now possess and may never receive.

Very truly yours,

(Signed) FERRIS & CONAWAY.

I concur in above letter. (Signed) E. W. Merritt.

I concur in above. (Signed) Jas. D. Whitmore.

Mr. Bartels:—We concur in the above letter. (Signed) The Crescent Realty and Investment Co.

Son, look into Dr. Wagner's claim. Am sure you will find his contention right. I sold these two lots in 1885 or 1886 to him. (Signed) Martin Welsh.

I fully agree with Ferris & Conaway in their opinion as above outlined. (Signed) J. H. Wilkins.

We thoroly agree with the valuation of Ferris & Conaway. (Signed) Th. Alpha Realty & Rental Co., F. P. Henebry, Pres.
(Signed) Thompson Olmsted Inv. Co., by F. A. Thompson.

We fully concur in the foregoing letter. (Signed) W. N. Johnson & Son.

We fully concur in the foregoing letter. (Signed) J. P. Hyman.

We fully concur in this statement. (Signed) The Coe & Stedman Realty Co., by C. R. Stedman, Pt.

Dr Napoleon Wagner, —————— Denver, Colo., Dec. 3, 1909.
City.

Dear Sir: In reply to your inquiry as to the relative value of lots 3 and 4, block 161, East Denver, on which is situated the building Nos. 1648-1654 California Street, which adjoins the Nevada building, would say that in our opinion these lots do not exceed in value the lots in the middle of the same block on California Street between 16th and 17th Streets by over 15%.

If the lots on the corner were not improved with a building good for some years to come and these lots were not similarly improved, we would consider them more marketable on account of the likelihood of disposing of them with the corner lots and making it possible to improve all four lots together. In this way they might be made to pay a larger rate of interest on account of the proximity of the 17th Street frontage. Under the circumstances this possibility is very remote and raising their value much above lots nearer the center of the block would be a good deal of a speculative proposition. Yours very truly,

(Signed) THE T. C. HITCHINGS INV. CO.
By T. C. Hitchings.

I concur in the above. (Signed) Fred A. Ross.
I concur in this. (Signed) J. S. Flower.

Mr. Allen R. Foote.

Denver, Colo., Sept. 10, 1914.

Dear Sir:

Yesterday, Mr. Pollock, of the Somers or Unit System of Taxation, introduced himself to me, and in talking he asked me why I was opposed to the use of the Somers' System. My reply was:

"Because it is both unfair and false."

He then praised the System, and said to me, it was in use in many cities; that it had given better satisfaction than any other; that it was now in successful and satisfactory use in Denver; that our Assessor so informed him.

I said to him that was not true. That it never was in general or satisfactory use in Denver. That it was applied only to the central business part of Denver, one year in 1911, and not since. That then, in 1911, I was requested to analyze the Somers or Unit System of Taxation.

After getting about all their printed literature, then in use, together with much similar material, then in use in many of our large cities, our finding and result—after much long, patient, weary hours and days alone on our doorstep—was a severe protest and supplemental protest, which we filed with our Assessor on October 4th; but which was ready to be filed August 8, 1911. That it is admitted this protest put out of commission, or "killed" the use of the so-called Somers or Unit System of Taxation in Denver.

That it was the inspiration of this investigation which resulted in the evolving and production of our system of taxation based on Utility, etc.

Mr. Pollock then admitted to me that it was a poor job the Somers System did in Denver. That the committees did not furnish values of the Unit foot on the four sides of a block; but only on two sides, etc., which caused failure. I said this was also false. That it is little wonder with such false statements and arguments, etc., you might for a little while succeed in introducing any system, good or bad, because the people were not fully informed and most of them were entirely ignorant of the fact that they were really and truly being deceived.

That this temporary or so-called success, argued nothing in favor of the Somers System; but that it surely would prove a boomerang when thoroughly and competently investigated. I finally said to Mr. Pollock that if I were introducing any system of taxation, for pay, or commercialism, I would have a fair and honest system or I would have none.

He then said: "I see we cannot agree." I replied, "Not without we both use truth as a basis; that sooner or later the sheep would be separated from the goats." With me, it is purely a matter of principle, yet, I believe the ignorant, but innocent people ought to be protected from all fraud and imposition.

Yours truly,
(Signed) NAPOLEON WAGNER.

1101 Emerson Street.

Mr. Allen R. Foote,
Columbus, Ohio.

Dear Mr. Foote:

The following are a few additional paragraphs on the Somers System, which I prepared since I last wrote to you. This letter being typed, I include the six paragraphs in my last letter for your convenience:

It is universally admitted, and indeed the Somers representatives, Mr. Pollock and Mr. Doty, say that the whole Somers System is based upon the judgment or opinion of the men who fix the value or their "MEASURING STICK THE UNIT FOOT" at the four sides of any block. Is this not in effect valuing the whole block? If this value is not made correct, then all their contention is a myth, falls flat, and the whole Somers System is false and a failure.

Now, if our analysis, reasoning and logic, together with Webster's definition of OPINION is correct, and we think it is, as is clearly shown and demonstrated on pages 25 and 26 of our Taxation 1911, then the Somers System would and should have no standing in any court of justice; because it is top-heavy, it is built upon hot air, a guess, or upon a few combined or compromise guesses, or a little more hot air and gush.

We believe it is weak, feeble, and peculiarly susceptible of doing great injustice because of its apparent absolute inability to properly and justly value many business, corners, site value. We believe any competent, fully informed, analytical mind, with fair application of logic and pure reason, both in theory and practical application, must condemn it.

It swoops its big hay rack or diagram with a lot of little silly looking peep holes of one hundred feet square, down on any corner and with a few figures, perhaps the result of boughten, biased, interested or prejudiced OPINION, the most uncertain and unreliable thing in the whole wide world, to fix their UNIT FOOT VALUE which constitutes their bag and baggage, or their entire stock in trade. Then they say we have found and fixed your value, go dig and you will find it in each of these ete little ten-foot squares, as marked, even if you get but little or no gold revenue or earning power relative to the adjoining little peep holes, or either side. If the foundation is wrong or sandy, then the whole Somers System is wrong, because it has nothing substantial left to stand upon.

It is claimed by Mr. Pollock, the Somers System records this judgment or opinion. Had it not better record something worth while? Something that is more tangible, dependable of real value?

A lot of "lobsters" have given testimonials to the Somers System, a thing which they evidently little understand. People simply GUESS it is scientific or mathematically correct. How can they know, when the results are admitted to be had from a secret process? One testimonial says, "It is public, and everything is done in the open." This is false. It is secret, and their process of rendering value is secret. The Somers System does not determine the value of the location, as many suppose. It simply attaches a few secret figures to this value and calls the result "the Somers System." Is the Somers System not a purely commercial proposition? Obviously the mass of taxpayers really know but very little about any TAX SYSTEM. This is equally true with the term "Finance." The human mind seems to quit or balk when either is mentioned. They say that these are problems for the experts. Let them figure it out. Hence, they "lay down," refuse to think a little bit for themselves, but willingly trust to the judgment and smooth talk of anything good or bad, simply because it is well advertised. In the last analysis, testimonials mean nothing, unless they are true. How can they be true if one does not possess the information as a basis of truth?

Can you not plainly see the Somers System is founded and based on precisely the same old plan, GOLD BRICK, ROTTEN, FICKLE OPINION, which has been the source of failure of all assessors for ages, to-

gether with a few sticks and tables which they call "tools," to hoodwink the people? Is it not as Lincoln said about fooling the people? "Many seem anxious to be fooled."

THE SITE VALUE OF ALL BLOCKS appraised by the Somers System is given in a lump sum, which is mathematically apportioned to each square foot or lot in the block by the comparative value of the four unit feet, REGARDLESS OF SIZE, SHAPE, LOT LINES or USE. This statement on its face is enough to condemn it. Size and shape of lot or plot is a tremendous factor in fixing proper value. Why don't the Somers System make proper and just allowance for this? Simply because they can't and they dare not attempt it because the plain, honest exceptions might be so numerous as to overbalance the rule, and put the presumptions long nose of all their mathematical tables out of joint. This alone should put the Somers System out of business, because of its manifest disregard of what any school boy knows to be fair and just. This is equally true even if we admit that OPINION is a proper or correct basis of ascertaining the value of their unit feet. But, of course, this we do not admit.

USE is another tremendous factor, even greater than SIZE, or SHAPE, in fixing proper value for assessment and taxation, and here their stiff, inflexible, mathematical tables and rules will not and cannot be made to properly fit these numerous exceptions; even if so, there might be more exceptions than rules, and perhaps no two exceptions exactly alike. Now, can't you see, to make proper and just allowances for these all important factors of SIZE, SHAPE and USE with any mathematical tables and rules, it would lead them into endless confusion, deep water and submerge the entire Somers System, which perhaps, for the people, would be a good ending.

Gentlemen, OPINION, important as it is, it will not do AS A BASIS TO ASCERTAIN VALUE when we can get a better, a more reliable, dependable and stable basis for ascertaining value of every kind. OPINION can only be depended upon when it is backed up by UTILITY or REAL KNOWLEDGE, and the so-called "wiseacres" or real estate experts, do not and cannot secure this real knowledge or truth in a reliable or dependable way. They lack the power to secure the truth from both tenant, owner or agent under oath, with severe penalty attached.

Then why fritter away valuable time or bother with the SO-CALLED WHOLLY UNRELIABLE COMMUNITY OPINION to fix unit foot value or any other value? If you want the truth, or real knowledge, have your assessors send out his accountant, his clerk, or his wide-awake office boy, armed with the legal power to administer oaths with a severe penalty attached for falsehood and the usual blanks for recording the actual monthly and annual rent paid by the tenant and received by the owner or his agent the past year. The clerk or boy should be back in the assessor's office in fifteen to thirty minutes with the truth of this real knowledge of data to fix all value. Capitalize this data at a uniform per cent, and you will have real value.

There seems to be but two courses open for any reasonable or fair-minded person: first, either accept this reasoning or, second, join the reactionary class—which shall it be? We all well know it is hard to persuade the human mind to break away from an old custom or use, though obsolete and wrong, and to move the mind to a new habit of thought.

Will this method and basis not simplify the whole moot question of ascertaining value for all purposes? Will it not dispense with a lot of

expense in useless heterogeneous machinery, tools, tables, etc., which only add to and complicate a really very simple subject?

Really, there are so many objections, false claims, flaws and defects to be found with the so-called Somers System. I say "So-called" because when we subtract the objections there will not be enough facts left to constitute even a quasi or shadow of a system. The wonder to me is that some of our leading university professors of economics and political economy had not, ere this, fully exposed the fallacy of the Somers System.

Dear Mr. Foote, I say this in all meekness, because I am a mere nobody in the scientific or economic world, yet when I ask a noted authority on political economy for a brief hearing, on merit alone, as to whether UTILITY was a proper and feasible basis for ascertaining all value, if not, could or would he kindly suggest a better standard or basis for a general outline for collecting all revenue or tax for governmental purposes, whether federal, state or civic, I could get no response; he has had a year to think about it; whether he is afraid to risk his judgment or expression of opinion, I do not know, but at least I think that I am entitled to a "Yes" or "No." Now, I would very much appreciate an early brief response from any authority or non-authority who feels fit and competent to give an expression of opinion on this all important economic question; mutual team work will enable us to properly analyze, simplify and solve many complex, long-standing, moot problems. EVEN TAXATION. We do not mean to abolish the various classifications and subdivisions provided by statutes in the different states, but to unify and work in harmony with them on the one broad, common basis of UTILITY.

Denver, Colo., October 6, 1914.

M. Allen R. Foote,
315 Linwood Ave., Columbus, Ohio.

Dear Mr. Foote:

You see by the following copies of letters, etc., enclosed, which explain themselves:

1. July 20, 1914, to the Governor of Colorado.
2. July 23, 1914, to the Governor of Colorado.
3. August 11, 1914, J. H. Pershing to Napoleon Wagner.
4. September 28, 1914, Napoleon Wagner to J. H. Pershing.
5. March 28, 1912, Napoleon Wagner to Hon. Geo. J. Kindel, M.C.
6. March 28, 1912, Napoleon Wagner, circular letter, multigraphed.

7. I also send you pages 19, 20, 21 and 22, which perhaps will be on chapter in our Taxation, which we are now re-writing. I own lots Nos. 3 and 4, block 161, East Denver. I simply use this block as an example, being more familiar with it than any other.

This will give you some idea of what influence I have had to fight up to the present time, practically alone, the Denver Press refusing to publish anything I may say on Taxation. I have a collection of much data and material from different view points on taxation, some of which I believe is pretty good or "hot stuff." Indeed, I find it so difficult to know just what to preserve and what to discard. As to the best and proper method of utilizing this material, of giving it the widest circulation, to effectively do the quickest and greatest good to the greatest number of people, is my sincere wish; hence I leave the whole matter to your good judgment and discretion.

I fully realize the fact that you meant to only get my views and protests against the Somers System, but in producing those views the

system of UTILITY was produced. The one seems to be the outgrowth of the other. They are so entwined it seems hardly possible or fair to pass judgment on the one without passing judgment on the other. If the demise of the Somers System proves to be a new birth in the form of UTILITY, a real system, it will have served a good purpose.

I ask no special favors from any source, simply a fair hearing for all my work on pure cold merit. But I now warn you and the N. T. A. that I feel that this fair treatment would be impossible to be given me or my work in Denver. I expect to have to fight our Colorado State Tax Commission just as hard or perhaps harder than the Denver politicians. I don't believe any of them are enough removed from bias and prejudice or jealousy to either do me or my work justice. I believe we have more influential tax dodging and its far-reaching influence in Denver through its large and small button hole politicians than any city of its size in the United States. I speak plainly as I would face to face with each of these men.

Dr. John B. Phillips, the President of the Board, said he did not think the people of Denver were ready to have my views adopted; he seems to be interpreting what the Denver people want. This is just the opposite and face about from what he said about our work when he was professor of economics and sociology in the University of Colorado. See his testimonial on page 23 of our Taxation, 1911.

Mr. C. P. Link, another member of the Board, seemed friendly to me when I handed to him eighteen pages of typed collection of material or crude manuscript, for review and suggestion, which I expect to use largely in re-writing our next edition of Taxation. This paper contained some pretty sharp criticism against state tax boards and commissions in general, but absolutely nothing personal was meant or intended, yet since that time I notice he seems anything but friendly to me.

The other member, Mr. J. Frank Adams, I hardly know, but I understand that he is considered the political member of the Board. I feel that nothing would please both Dr. Phillips and Mr. Link better than to be able to smother my work good or bad in the committee room, not revealing their identity. All I ask is that if they, or anyone, really have anything worth while against me or my work to be fair, come out in the open and make a square fight; I only ask a full, competent hearing and a square deal.

Now I kindly request that this personal information be strictly confidentially confined to the Executive Committee of the N. T. A. because I do not wish to do injury or injustice to anyone. Yet I feel in fairness and self-defense compelled to make the above statement, to the end that in passing judgment on the many unselfish years of our hard work that I personally be entirely eliminated—let the work and results speak IN SUBSTANCE for themselves.

Perhaps we can all make a little allowance for a want of choice words, expressions of strong language, or a printer's error or two—besides, we may have to legally take some action against this Board. If they were friendly they undoubtedly could put the plan of UTILITY into effect in Colorado at once; a more beautiful opportunity to take the lead, set a precedent for the up-lift of humanity, perhaps never will be presented. I naturally would like to see Colorado be big, independent and strong enough to be the first to do this.

Should I use less strong language in the next edition of Taxation? "Absolutely just and" might be omitted. Then the outside cover page

would read, "Equitable Taxation on the plan of UTILITY," etc. Page 5 twelfth line from bottom of the page might be changed to WILL IT NOT BE the most ideal, etc.

Perhaps I had better omit the word "absolute" wherever used, it may be too exacting in practice, and in theory hardly admissible when applied to the subject of taxation.

I thank you for the privilege of this necessary explanation. All enclosures fully explain themselves.

Sincerely yours,
(Signed) NAPOLEON WAGNER.

No. 1101 Emerson Street.

Mr. Allen R. Foote,
Columbus, Ohio.

Denver, Colo., Oct. 14, 1914.

I ear Mr. Foote:

Enclosed find copy of a letter which I just sent to Mr. Alfred E. Folcomb, Treasurer N. T. A. It explains itself, yet I wish to add that I strongly suspect that your goodness of heart and mind had much to do with the anonymous but precious gift to me of these eight beautiful volumes, containing all the National Tax Proceedings up to date, for which I wish to personally and sincerely thank you. This will save me going to the library to consult these valuable books. It should be, and I believe will be, a strong incentive for me to do more and I hope better work along the lines of ascertaining value for assessment and taxation of all kinds of property, providing my eyes will hold out.

Dear Mr. Foote, here are a few additional paragraphs, which perhaps should have been included in my last letter to you of the sixth inst., but at that time they were not thought out by me, viz.:

This data of value secured by a double oath or sworn testimony from both tenant and owner or agent, with severe penalty attached for false statement or perjury, is the first and highest grade of evidence obtainable. Will it not at once put the UTILITY SYSTEM on an exact equality with all Courts of Justice to secure testimony or the truth, even by cross examination if necessary?

OPINIONS are of as many kinds, qualities or types as we have professions, trades, classes or individuals. Once I paid \$50.00 to a lawyer for his written opinion that my abstract of title was all O. K. I secured a private loan of \$20,000.00 on the property and in due time paid it off. Later, during the panic of 1893, I was requested to lend my influence, supposed new blood, etc., and became a director in a national bank; in a few months the bank permanently closed, and the United States Government brought suit and secured a judgment against me for double the liability, two dollars for every one dollar's par value of stock which on the books of the bank stood in my name.

Well, I had to raise some money pretty quickly. A levy had been issued, so I applied to the Northwestern Insurance Company for a loan. Their agent examined the title and said there was a flaw in the abstract. I told him I had an opinion from the best lawyer in Denver that it was all O. K. He said "No." I said the opinion was in writing over the signature of the law firm. He said that did not make it any better. I went back to the law firm and requested them to make their OPINION good for which they had charged me \$50.00. They said, "No, we do not guarantee our OPINIONS, for \$50.00 or any amount of money." So for this over confidence, misplaced judgment and a small bunch of HOT

AIR, a few sentences typed on a pretentious legal letter head, with the signature of the law firm, yet I had nothing.

RESULT: I had to pay the attorney who did the abstracting for the Insurance Company, secure a quit claim deed to quiet title, at an expense of about \$350.00, before I could get the loan. Now, who dares to say OPINION, OPINION, OPINION to me? If the lawyer's opinion is no good, is the doctor's any better, or the butcher's or the baker's? Are they not all on precisely the same basis as the sympathetic old lady who kindly volunteers HER OPINION, and remedy guaranteed to cure all her neighbor's children from colds to small-pox? In case of failure or death it is always your fault, because you did not follow her directions, either too big or too little, too hot or too cold, too early or too late, or too irregular dosage, and besides, you did not drink a gallon of hot water before breakfast. So you see, in analyzing slippery OPINION, from the highest to the lowest, it is IMPOSSIBLE TO FIX ANY LIABILITY OR GET ANYWHERE.

Profession, trade, politics, wealth, society, church, lodges, etc., all are controlling factors in producing dominant minds or leaders who in every community exercise a greater or less influence over all weaker or less positive or aggressive minds. Hence in the ascertaining of value from mere opinion or from the so-called community opinion, whether for unit foot value or any other value, it is frequently based on a compromise or about what the leader or a few popular men have to say about it, and the rest, largely like sheep, with but little reasoning or original thought, concur or "I think so too," "I think so too," etc. So instead of having a real community opinion you have practically the opinion of one or two men, yet signed by all the committee. Are Scotch or other verdicts, decisions or opinions, thus ascertained, tenable?

You say, "No, no, no!" Then does it not behoove us to quickly lay aside and forever discard the whole fabric or basis of ascertaining value by guess or opinion by every assessor from San Francisco to New York City, and from Canada to the Gulf of Mexico?

The essential difference between the UTILITY SYSTEM and opinion, or the Somers System, is, the former depends upon gold in hand or in the bank, real value or truth as basis, while the latter depends upon community opinion, hot air, hypothetical book value or a guess as a basis.

Some years ago in talking with a high railway official, he said that he believed our ideas on ascertaining value for taxation "were all right, but what is the use, you may as well butt your head against a stone wall as to attempt lone-handed to change existing conditions." I said, "Ye of little faith, ONE TRUTH was worth more than a thousand errors, that in time it would batter down the stone wall, no matter how strong maintained by the interests in error; that all reforms first started from one mind."

A leading minister said to me practically the same thing, and I replied to him (when he refused to lend his influence to help this plan) that if we all worshipped Mammon or Baal we would never get anywhere.

MERE OPINION, used as a basis to ascertain value by the Somers or any other system, is so clear in my own mind, UNTESTABLE and that is the reason I have not gone into greater detail heretofore in exposing its many fallacies; taking it for granted that a clear brief contradiction was all that was or would be required to make it equally clear and untenable to other minds. However, we feel with the above argument and reason the question should be closed, that more would risk of being tedious.

Suffice it to say that every reason and argument in favor of the plan of **UTILITY** will be against mere opinion and the Somers System, because they are antipodes or the direct opposite of each other.

Sincerely yours,
(Signed) NAPOLEON WAGNER.

1101 Emerson Street.

Denver, Colo., Oct. 19, 1914.

Alfred E. Holcomb, Esq., Treas. N. T. A.,
15 Dey Street, New York.

Dear Mr. Holcomb:

Your letter of the 13th inst. received. I thank you for your kind words of encouragement, etc. I wrote you the 12th inst. acknowledging receipt of books, etc.

Permit me to explain: That Exhibit No. 4 referred to in your letter is already public property, having been published in our daily papers, or I would not have given it out. It was handed to me by Hon. George J. Kindel, M.C., with the assurance that I needed no better evidence that my protests, your exhibits Nos. 2 and 3, promptly "shot to pieces" or put out of commission the Somers System of Taxation in Denver.

I should also explain, after these protests were written and while I was working on our plan of Utility, Mr. Kindel, then one of the Supervisors of Denver, became interested in my work, and has since advocated our ideas, which, as you can plainly see, are a direct outgrowth of these I protest.

I fully realize Mr. Foote asked me for *criticism only* against the use or adoption of the Somers System, but as our ideas on taxation called the Utility System are so entwined, I think it hardly fair to pass judgment on one, and not the other. I herewith enclose seven clippings from our Denver Press, which explain themselves, viz.: 1, Republican, May 16, 1912; 2, Times, March 19, 1912; 3, Republicau, March 22, 1912; 4, Republican, April 24, 1912; 5 and 6, Republican, March 24, 1912; 7, Republican, July 14, 1912.

The reason I did not send these clippings and much other matter, perhaps important, to Mr. Foote, I wished to spare him and you, Mr. Holcomb, and now your Executive Committee, as much detail as possible. However, I sent Mr. Foote three additional letters and papers, directly bearing on the subject, which I presume you have, by this time, dated September 22, 1914, October 6, 1914, and October 14, 1914. These letters and papers might be somewhat condensed and given a little more orderly presentation. You see, they were thought out and written by me at different times.

Dear Mr. Holcomb, I trust this will be entirely satisfactory to you, in answer to your letter, as well as all other documents and papers. If so, kindly let me know, and I will try to remedy any defect or error, either by omission or commission. As these printed clippings are my only office copies, will you kindly have them returned to me—*no hurry*—when you and the Executive Committee have entirely finished with them?

Mr. Arnold is now a discredited politician. I believe he was sent last by the Denver politicians, and corner-owners' influence in real estate, to employ the Somers System, to keep the people quiet, saying, "We will tell them it is scientific, and they will have to believe it, because they cannot figure it out or understand it." I believe he knew it was a fraudulent system; indeed, his letter practically admits this conclusion.

I believe the Mfg. Appraisal Co. know, and always have known, that it is a fraudulent system, designed to fool and exploit the people in the direct interest of the *Interests*, and they have apparently so well succeeded that they have fooled the leaders of thought and reason, the economists. That it is a tool for the use of politicians, there is no doubt in my mind.

Mr. Kindel kept his offer of wager before the people for some days or weeks. It is scarcely believable that the Mfg. Appraisal Co. was not so informed by Mr. Arnold, or by some of the friends of the Somers System; yet all is, and has been, as quiet as the grave. You scarcely hear a breath about the Somers System since in Denver; yet they seem to have the audacity to advertise elsewhere as though Denver was still using, and was satisfied with, the Somers System, which is error.

If I have failed to make this equally clear to other minds, it must be charged to a want of proper application on my part, and not to the great and master minds of Thomas M. Cooley, James V. Campbell, W. P. Wells, Charles A. Kent, Richard Olney, and others, who sought so hard and diligently to impart this power to me and many others.

Dear Mr. Holcomb, as indicated above, I have 18 or 20 pages of legal size, single space of typed matter, of undigested or crude manuscript, which, I think, contains some valuable additional matter, but this I will not submit unless your committee calls for it. I expect to use it largely in re-writing Taxation. But, because of my eyes, I cannot promise to get it in good or proper shape shortly. But if they wish it as it is, I will send it with apologies for all errors, etc.

I fully realize that co-operation or team work is absolutely necessary for the best results; yet here in Denver I have been compelled to work alone. Besides, I have to depend upon a public typist with frequent changes, but of late, a young married lady is doing my work at her home, at nights, from poorly written mss., frequently badly underlined, written by me the day or sometimes during the previous night, so I have no chance to compare with her copy until later. She does her best to please, but perfect work can hardly be expected in this way.

I only became aware of and acquainted with the N. T. A. proceedings or reports since your last session in Denver, Sept., 1914. I now hope to make up for lost time. Please remember that I believe the Denver politicians, corner influence, etc., are fully prepared to go to any length, if they once know their special influence is really in danger, to smother and strangle all my efforts aimed at error, in the future, as they have so successfully done in the past.

The astounding wonder and pity to me, is the past two years that your organization should permit, or even tolerate, the Somers System methods in loaning your valuable pages and reports to further their unprincipled interest, advertising, etc. This is precisely the reason I said to Mr. Pollock, in substance, as quoted in my letter to Mr. Foote, Sept. 10, 1914. That he fully understood and comprehended the purport of this conversation, I have no doubt.

Dear Mr. Holcomb, I can see you throw up your hands in holy horror, and say: "This is monstrous!" etc. I say: "Yes, it is, and if it is not true, then I am a fit subject for the nearest mad-house." I am fully cognizant that this is a terrible charge to make, but then, to my mind, it is as clear as the noon-day sun. I know of no other effective way to remove error and speedily supplant it with truth. May God continue to grant unto us truth, tempered with mercy, to always do His will.

Mr. Holcomb, will you please let dear Mr. Allen R. Foote see this letter as soon as convenient; then all my papers will have passed through his hands before any action is taken. You see, I have to send it to you first, in order to intelligently answer the purport and scope of the questions in your letter to me. Sincerely yours,

1101 Emerson Street.

(Signed) NAPOLEON WAGNER.

Mr. Alfred E. Holcomb,
15 Dey St., New York City.

Denver, Colo., Oct. 28, 1914.

I ear Mr. Holcomb:

I simply cannot refrain from sending you the following few paragraphs or reasons against the use of the Somers System of Taxation. It was thought out by me only October 25, 1914, viz.:

It is just as absurd, and equally untenable, to say or contend that $7\frac{1}{2}$ per cent., or any other per cent., in lieu of the assertion or declaration that 66 $\frac{2}{3}$ per cent., as per the Hoffman-Neill rule or tables to ascertain the value of the front compared to the rear half of a lot 50x100 feet deep, site value. By so doing have not the Somers System people demonstrated their crass ignorance and apparent lack of originality? Is it not a deliberate attempt to capitalize the popularity of the Hoffman-Neill rule, though wrong and obsolete? We clearly pointed out and demonstrated this error and fallacy. See page 9 of our Taxation, 1911.

It is precisely a case where the kettle calls the pot black. No two cases are exactly alike. Hence it is clearly apparent that it is insolvable or absolutely unascertainable from any mathematical basis that the use of UTILITY alone in each individual case will or can correctly solve this problem.

This reasoning is equally true in correctly valuing any corner site value. The bold but silly and wholly unwarranted assertion that each ten-foot square has a different yet fixed and definite value from each other is almost laughable. Surely it is not susceptible of proof or demonstration, either in theory or in fact, of workable or feasible value. If each were owned and used separately, how could you get to or from any street, or practically use the individual ten-foot squares without having a right of way or easement from the street to each plot. Another bold but equally untenable assertion may be, if it is not practically feasible it is theoretically correct, this theory has been proven unreliable and false by us or UTILITY.

Correct site value of any corner can only be obtained as it is used, according to lot lines. Hence any one square foot whether in the front, rear or middle, is worth practically just as much as any other square foot, because we are attempting clearly the impossible when we foolishly assert the alleged separate value of each square foot or each ten square feet or any other number of square feet. Can't you plainly see it must and can only be correctly valued as a whole, according to its use or UTILITY? One square foot of floor space in any large or small retail, wholesale or manufacturing establishment under the same roof is, to all practical purposes, worth just as much as any other square foot, because it is the space that counts, they having free and practically alike access to each square foot from one or more street entrances.

Hence is not the whole of the Somers System a tissue of falsehoods from the beginning to the end? Should it not at once be consigned to the scrap heap?

Sincerely yours,

1101 Emerson Street.

(Signed) NAPOLEON WAGNER.

Denver, Colo., June 14, 1915.

Dear Mr. Holcomb:

Yours of the 9th inst., received with seven newspaper clippings, some in regard to Mr. Arnold and some decidedly against the adoption of the Somers or Unit System of Taxation, which our protest and criticism brought forth. This material or its substance as well as all my letters to you criticising the Somers System, together with the material which I gave to Mr. Foote, was my wish, as suggested by him be copied and sent to the members of the Executive Committee of the N. T. A. so as to take it for what it is worth, to give them a free hand; with all these papers as well as other material if they called for it, before them for suitable action. However, this may be unnecessary.

Not only to consider, praise or condemn the adoption and use of the Somers System, but to carefully balance and justly weigh the feasibility of the proposed plan based on UTILITY as a common denominator or acceptable standard of value for all kinds, classes and subdivisions of property.

That this is the demand of the present age, there seems to be no doubt, as evidenced by the many able papers recorded in the proceedings of this association. Are not nearly all real thinkers on the subject crying out for rules, tools, tables, plans, systems, etc., viz.: A fixed and definite standard by which all other values may be properly reduced and accurately measured or at least more accurately and more correctly, than by any other known method. This, as yet, is but the skeleton, a mere outline. Will you help us to perfect the details?

Yes, thank you, I hope to be able to attend the San Francisco Conference. The reason I did not notify you sooner was I may have to take a round about route via the Grand Canyon of Arizona, owing to previous arrangements.

Sincerely yours,

(Signed) NAPOLEON WAGNER.

P. S.—All I ask is a full, fair and complete hearing, not a partial hearing. I think my letters to Mr. Foote, and one or two to you contain my latest, best and clearest reasoning, both against the Somers System, as well as in favor of the UTILITY SYSTEM. And I naturally would like to get all this matter properly before the jury or Executive Committee, for their complete understanding and action on pure merit.

If you will kindly mail me a copy or definitely indicate, just what material you mailed to the Executive Committee, then we can better determine, if any additional matter should be supplied, at my expense.

Yours sincerely, (Signed) N. W.

San Francisco, Aug. 10, 1915.

Dear Mr. Foote, and Mr. Holcomb:

As per my letter to Mr. Holcomb of date of June 14, 1915, I would like to have the following papers or their substance go to the Executive Committee. If you think best (please have them copied at my expense) take out or omit all that does not relate to the UTILITY SYSTEM or the Somers System of Taxation, viz.:

1. My letter to Mr. Allen R. Foote, Sept. 10, 1914.
2. My letter to Mr. Allen R. Foote, Sept. 22, 1914.
3. My letter to Mr. Allen R. Foote, Oct. 6, 1914.
4. My letter to Mr. Allen R. Foote, Oct. 14, 1914.
5. My letter to Mr. Holcomb, Oct. 19, 1914, and seven printed clippings.

6. My letter to Mr. Holcomb, Oct. 28.
7. My letter to Mr. Holcomb, June 14, 1915.
8. My letter to Mr. Foote and Mr. Holcomb, Aug. 10, 1915.
9. A plea for the much abused assessor.

Then, after the above has been thoroughly digested, and fully understood by the Executive Committee, they perhaps will by this time become sufficiently interested in this subject and my laborious study and work to call for our somewhat voluminous, crude manuscript, etc., of forty pages or more of typed matter.

I seriously feel the need of duly qualified guidance in the proper and orderly arrangement as well as the best use to be made of this material. Hence, I now ask this Association for such help and assistance as it may deem meet and proper.

My desire is to dedicate my time and have all my work censured and appear under the name and auspices of this Association. (If they care to have me do so.) By so doing I realize much more weight and influence will be carried and real good accomplished, than it would be possible for me to do as an individual.

On receipt of the complete reports or proceedings of the N. T. A., Oct., 1914, I have endeavored to make a careful study of the many, yes very many, able papers therein recorded, perhaps on almost every angle and phase of taxation, hence for the present I have indefinitely postponed the third edition of our **UTILITY SYSTEM OF TAXATION**. I hope when we are able to proceed, to do so with much reinforced vigor, energy and inspiration. We have already decided to omit our so-called *Advance Views*, pages 20 and 21, and much other rather irrelevant matter, but the rules and method of ascertaining value will be retained and perhaps greatly enlarged. We fully realize the great wisdom of being discreetly impersonal. It pains us deeply to hurt anyone's feelings, but in this case and many others, we must speak plainly. If I am not permitted to speak plainly and fearlessly show up the black spots, expose special privilege and all error, wherever found, personal or impersonal, then truth and liberty are held at naught and all my writing in vain.

I am not blind. Can we not all see the apparent greed or crafty notive back of this most powerful and influential tax league? No, not all of its members, but perhaps some of them—enough to direct and control its policy and the great majority collectively permit and profit by what they evidently would not do as individuals.

I know nothing about policy or politics. I know my work is crude in many respects, but I also know that with all its faults and many imperfections, it possesses a wealth of real merit, well worthy of a competent & duly qualified investigation.

By saying that I have no "policy," I simply mean that I lack cunning, skillful management, craft or trickery in all my writings. In my lonely or blunt way of "pointed criticism," the egotist may be the unpardonable sin in the green monster's eyes of our critics and adversaries. This we renounce. It is simply a style, all egotism or self praise, falls as lightly upon us as water upon a duck's back. In rendering this apparent charge unanswerable, as an example we cite our pamphlet of 26 pages on **Taxation**, where the personal pronoun was, from sentiment, purposely entirely eliminated.

We kindly ask the Executive Committee to please chiefly and primarily consider the *substance and spirit*, the will and intent of the maker, and not the tinsel froth or strictly conventional form of any of my writ-

ing. Perhaps we really leave too much detail to the proof-reader and editor.

It seems absolutely impossible to get a fair hearing without protest-ing all the action, participation and influence of the Denver delegation which includes one of the members of the Executive Committee, and another of the Denver delegates is a member of The Colorado Taxpayers' Protective League, whose members are assessed \$250.00 per year dues for three years, or a total of \$80,250.00. We think it apparent the other members are in sympathy with this organization, whose incorporation, if anything, is it not a protest to defeat the **UTILITY** plan of **Taxation**? How can a medium or poor taxpayer or person become a member of this league or club? Why? If not to protect themselves primarily, their tremendous business corner influence vs. the small numerous ownership of inside business lots and the balance of the taxpayers of the city of Denver, Colorado. There seems to be no doubt about the terrific under-current against all my work on taxation in Denver, simply because it is too fair and square to admit of much tax dodging or abuse by the politicians. What better proof or evidence would be required than that the plan of **UTILITY TAXATION** is right and that it has aroused this organization and opposition to defeat it. As against this League, how does the general public protect its rights? Hence, we believe our criticism, protests, etc., against the adoption and use of the Somers System and in favor of the Utility System of Taxation can not and will not receive fair, neutral or unbiased treatment from the hands of this Denver delegation. We sincerely ask if possible that they be entirely omitted from passing judgment on any of our work.

We are candid, we are sincere, we study and work hard, sometimes both early and late, we naturally do not wish our many years of patient unselfish work lightly treated.

A letter in haste, dated September 4, 1914, two pages of printed matter, and the Addenda, pages 25 and 26, of our **Taxation** of 1911 are to go with the above.

Sincerely yours,

1101 Emerson Street. (Signed) NAPOLEON WAGNER.

Corner Lot vs. Inside Lot Ownership, Etc.

We are sometimes told, if we tax the Denver business corners as high or on a par with inside property both lots and improvements, you will cause the present resident owners to sell to Eastern or non-resident capital and ownership. Why? Why should this be so with the corners and not so with inside or other property? If this is not so, is it not only a bluff to the assessor for special privilege? Even if it were true, would it not be a good thing to get rid of this old drone type of corner ownership? Would it not result in securing and inducing other more desirable, more fair ownership from the East or elsewhere? Capital is always seeking fair and profitable investment both alike corners and inside property. Where this principle is to be found there you will find an increase of population. Get rid of your drones, at any cost. When a city has to capitalize or pay a subsidy for present corner ownership, it is paying too dear. If corner owners cannot compete with inside owners on the same basis of assessment and taxation, then the sooner any city can get rid of them the better. Why pay a bonus for your best investments? You do not have to do this. This is nonsense, pure "moonshine" and keeping foreign capital and foreign residents away from your city.

It is natural for anyone to wish to live where his chief investment is located, so he can properly look after it. Hence, what do the people care or what need any city care who create all value, both corners and inside value, who the owner may be? What the people and the city are interested in, does the city get its fair share of per cent. in taxes for creating, producing, and perpetuating the value, whether great or small, corner or inside value. One doesn't need special protection more than the other! But if preference is to be shown it should be to favor the weak, the small inside investor against the strong corner investor.

Real estate ownership nearly always resides with its investment, and not in a foreign town, away from it. Fair treatment of capital will make any town a city and any city great. But when your town officials begin toicker and discriminate between corner and inside lot investment, then you drive both capital and people who produce all your capital away from your city. Both will try elsewhere, where they may have an even show, for both their money and their presence or residence.

Any town or location which will attract capital will also attract people. Any town or place which will discourage capital will also discourage people. Both *capital and people* demand fair, equal and just treatment and if it don't get it in one place, both will leave and go elsewhere.

So you see your little special privilege of playing favorite in assessment and taxation is a short-sighted policy. It loses both people and capital, and if persisted in will ruin any community, or bankrupt any town or city. Of course, a few grow richer, but at what cost? Perhaps of driving millions of capital and people away.

After all there is nothing like success, but in order to have continued success your town officials, and especially your town assessor, must play the game fair, to all alike, both rich and poor, because then all will have an equal chance to prosper. Dog in the manger or cut throat policy will succeed no better for a city than for an individual.

CONCLUSION

A Plea for the Much Abused Assessor

What officer is more universally condemned and abused than the common county assessor? Why? Simply because he finds it impossible to administer the duties of his office in a practical manner as is so curtly and beautifully worded in all constitutions in theory and as evidenced by his oath of office. Now instead of being condemned for not accomplishing that which is clearly impossible, to render relative and uniform value to all alike, should he not have our sympathy in his dilemma, at least until we should be given a fair trial at his job. When much to our amazement and chagrin, it would probably be found that we had done but little, if any, better than the much abused assessor. Why? Simply because we, like him, have no dependable tools or rules to work with to produce a stable basis, to assist our poor, weak, fagged-out memory or nerve opinion to fix all value.

Give him proper rules and tools to work with, then he will do a better job. Assessors are only human, and mortals are subject to error, but suppose we entirely relieve him of this monstrous and fearful responsibility of personal judgment, mere opinion to fix ALL VALUE. Does it not behove us to do this quickly. Have we not all been finding fault, criticising his numerous errors and work for more than a quarter of a century?

Perhaps at best the poor, weak, vacillating opinion or random human judgment is too frail to be depended upon to render correct value. If so, had we better not help him, instead of condemning him? How? Give him the plan of UTILITY, etc., to work with where the path is clearly mapped out for his weary brain and tired feet. Here he can hardly go astray, because all he has to do with this system is to gather values, and his clerks can do this. Correct values are always fixed by the tenant and landlord or the contractual parties and are ever ready for his codification and use. These values represent the honest earning power of the property, the actual monthly or annual rent paid by the tenant and received by the property owner or his agent, both being under oath with severe penalty for misrepresentation. This equals the gross earning, which is also readily ascertained from all corporations.

This plan will solve most of your tax problems in any community because it chiefly relieves the assessor from fixing any values, all he has to do is to gather and record the values as he finds them. All values are created and definitely fixed by the merchants and business people generally, and not by the assessor or appointee of any town or city. The chief trouble has been up to the present time, the assessors, deputies, tax commissions, have been perverting values in the towns and cities. Many of them have, owl-like, looked wise and made a heterogenous mess, by attempting to falsely create values where there were none and declare no value where there was great value. Thus, by ignorance or design, doing great injustice all around, by mixing, entangling, and complicating what really is and may easily be made, by a little clear thought and action, a very simple subject.

Divide all property of every kind into as many classes or sub-divisions as may be convenient or necessary for fair listing and comparison, but *subject all to one simple rule or base to ascertain value, viz.: UTILITY.*

While this suggestion may not be a panacea, in rendering absolute justice to all alike, will it not approach and come nearer universal equity than any plan or system now in use? Will it not simplify and dispense with the present complex heterogenous attempt at the clearly impossible, by using or applying two or more rules or bases to the different types and classes of property to ascertain value?

Obviously *with but one common base*, it will be the easiest, the simplest, the shortest, as well as the most accurate way of justly comparing one piece, class or type of property with all other property to unify, fairly equalize and ascertain true value.

The so-called opinion or judgment of the assessor need not be relied upon under this plan, for the *gross earning* of nearly all public corporations as well as most private corporations are already a matter of public information, and all individual property, of any kind or nature, with a little persuasion and patience will lend itself to be essentially reduced to the same gross earning basis.

Then capitalize each class of property at the same per cent, and all classes of property at the same uniform per cent, as nearly as each separate class will admit of for purposes of fair comparison and just taxation. This is, in a nut-shell, exactly what we mean by the UTILITY SYSTEM OF TAXATION. Simply changing from an *uncertain value basis* to a *certain gross earning basis*. "With this system the tax adjusts itself to any shifting conditions of business. When the volume of business is large, the tax increases, and when business declines, the tax is

automatically reduced. It is simple, certain, fair to the public and all companies, and easy to administer."

Some men give so much of their *time and mind* to possess *tact* in toddying to their superiors, that they have neither left for themselves.

I suppose it was not *tact* on my part to refer to the leading Economists for not criticising the Somers System ere this, but at least we would have to hint that way, because we thought it and what is the difference from thinking quietly or out loud or putting it on paper. This is equally true in criticising the Hoffman-Neill rule, or the Somers System of Taxation, or the Denver Taxpayers League or Club, or the Denver Delegation to this Conference, or County Assessors, or City Officials, in condoning the wrong of Utility Corporations by relieving them of paying \$185,000.00 in taxes, simply because they see fit to litigate, etc. See the Denver Rocky Mountain News, July 22, 1915.

We kindly ask that each and every interest, state, city and individual be big enough to forget and forgive this apparent want of *mode, style or tact* in dealing with facts in a quick, short, plain, homely way. We have never learned the art of flattery or deception, nor do we care to, hence we can never hope to be a popular thinker or writer.

In the name of humanity, I beseech and pray that you, one and all, do not cause one moment's more delay than what is absolutely necessary, to give this whole subject matter the *widest, the most effective and authoritative publication* the world has ever known. I would gladly close both my eyes and ears forever, if I could but feel and know the great good that must and will inevitably result to every country throughout this wide, wide world, because of the incarnation of the great truth to be found in **UTILITY**.

To at once stop the fire brand and evil influence of the so-called Somers System of Taxation everywhere, in *four hours' time* I can read every word of my manuscript and clearly put this whole subject matter before the Executive Committee for their intelligent and just action. May nothing be covered or hidden from the bright light of the noon-day sun, in clearly setting forth all the pure, clean, real merits of the plan of **UTILITY** as a correct basis of ascertaining value for all purposes everywhere.

It was through encouragement and inspiration of our very worthy Honorary President, Mr. Allen Ripley Foote, that the development and unfoldment of this subject was brought to a full fruition. Hence, with great respect and deep reverence, it is respectfully dedicated to him and The National Tax Association, and to Humanity.

THE AUTHOR.

A LETTER IN HASTE

Denver, Colorado, September 4, 1914.

To the Noted Economists and Honorable Members of the National Tax Association, GREETING:

We cordially greet you to Denver and Colorado for the worthy cause you represent. May we be pardoned for the liberty taken in handing to each one of you, a small pamphlet, labeled *Taxation*—our feeble effort of 1911. *Uniformity, conforming to one rule or mode*, has been my chief aim in the production of *Taxation* on the plan of *Utility* to ascertain all value of every kind for assessment and taxation, based upon income, or in non-use or vacant, probable income, by the application of universally well known rules and scientific principles properly applied, viz.: *Utility*

enables us to ascertain *correct value* by capitalizing the amount of the total annual rent or earnings, at the same uniform per cent. *Proportion* enables us to ascertain *correct relative value*, or the exact number of times one lot or plot or thing is worth more than another lot, plot or thing. *Percentage* enables us to ascertain *correct uniform value*, or exact ratio of value to the ratio of assessment, by equalization, all at the same uniform per cent., thus abolishing all under and over valuation, discrimination, class or other privilege.

Collecting revenue under a general property tax has been unfair or a failure owing to the lack of a standard or fair mode of ascertaining value. *The How, The Way, The Method*, has been waived aside as if it were unimportant, when in fact it is the all-important element in ascertaining *uniform value*.

The present prevailing method of ascertaining all value by assessors everywhere is based on *mere opinion* which is nothing but a guess. Guessing at value must stop, it is too uncertain, it is too vacillating, it is too silly and ridiculous for serious thought, it has nothing to command it but it has everything to condemn it.

Opinion, or judgment of value, is a mere guess; what a given piece of property will sell for in the open market is another vacillating guess, but when you honestly and fairly capitalize its income, its every-day annual earning power, then and then only will you get its true and correct value; this is *utility or positive knowledge*, a truth, and no guess.

In utility we find the very etiology or root of all value, which is the secret of all *lawful, relative, uniform taxation*. If, as we have demonstrated, the true and correct basis of ascertaining all value is use or probable use, then *why not make utility* by law the standard and basis of ascertaining all value for assessment and taxation everywhere?

The system of ascertaining all value based upon utility is unique; it stands alone; it is in no way associated or connected with the "single tax" idea; it is nearer related and closely associated with the *general income tax idea*. We claim for the *utility system*, it is a great big improvement and far above the general income tax system which is now in use in only one state in the United States—Wisconsin—especially in stopping the *great or immense leak* of site or all lot and land value.

We believe it is pretty generally conceded that *utility* is a well thought-out, carefully balanced plan not only in theory but in fact; that any state putting in their statutes the first few pages or the rules and substance of our *taxation* 1911, will have constructive, modern, up-to-date, just tax legislation of the highest order.

The state legislature first adopting this plan may not be putting in effect the *last word* in ascertaining value, but they will be giving a new birth to the very *last word and thought* of ascertaining all value up to the present time.

May they not look forward, with a clear eye, a serene confidence of having their work speedily commended and copied by one state after another, in addition to the most profound and grateful prayers from each one of their constituents, for at last saddling a value burden on each man's back, for all taxation according to exact justice. No man, rich or poor, will be over-weighted. All will be able to look up, walk, run, sing and play, knowing that each one is receiving fair play.

Our *Taxation* is being rewritten, much enlarged, etc. Those members who would like to have a copy will probably receive it gratis, by

leaving their name and specific address with the author—Napoleon Wagner, No. 1101 Emerson Street, Denver, Colorado.

"Everything That Bears Semblance of Privilege Must Be Abolished." Personally delivered to Congress, Washington, D. C., April 8, 1913. Woodrow Wilson, Pres. U. S. *Taxation* on the basis of *utility* fixes the ability definitely and honestly in all cases, to ABOLISH ALL TAX PRIVILEGE.

There are so many assertions of *fact* which are not *fact* by various schemes, plans and so-called mathematical systems of *ascertaining uniform value*. We can accept none which are not susceptible of demonstration and proof of accuracy. Expose a lie and it falls a coward at our feet.

Utility is founded upon principle which assures its permanency, it is demonstrable understanding of fact, proving uniform value. *No system of taxation* can produce over valuation and under valuation and be uniform. *Uniform value* will not admit of both over and under valuation at the same time. Either one implies the other, which prevents uniformity. Over valuation means confiscation. Under valuation means escape payment.

What is the matter with Denver real estate men and business men generally throughout America? Have they been drugged or put in a semi-comatose or inactive condition by THE INTERESTS, like many of the officeholders and politicians? Or are they just half asleep on their feet? In God's name, men, wake up to the realization of the fact of what taxation on the basis of utility will do for each one of you, for each of your neighbors and for your entire community. You cannot reasonably expect prosperity, nor do you deserve it, nor can your community thrive, so long as you remain passive, inactive, wink or connive at the present and past UNCONSCIONABLE SPECIAL PRIVILEGE freely extended and granted to the land value of each pair of corner lots, in the business districts of nearly every American city. Why should these very valuable city lots be permitted to rob the balance of your city blind?

What right have they to be taxed at a less ratio of value than inside or middle lots? Why not tax all alike at the same ratio of value? (ASSESSMENT ON THE BASIS OF UTILITY MEANS THE PAYING OF YOUR TAX NOT IN ADVANCE OR ON ANY GUESS VALUE, BUT ON A VALUATION ALREADY RECEIVED OR PROBABLY RECEIVABLE.) Hence there can be no hardship on any taxpayer; where the tax is properly and justly equalized, it will fall on the shoulders of all lightly; no one can be overburdened. Is it not silly and nonsense to talk or PRATTLE ABOUT VALUE, RELATIVE OR UNIFORM VALUE AND THEN GUESS AT THE AMOUNT which each piece of property shall be assessed for? This is exactly what nearly all assessors are doing throughout America today. A trite legal maxim is "He who seeks equity must do equity." All inside or middle lot values both seek and do equity to the assessor. All corner lot values do not seek and do not do equity to the assessor.

Our plan relies directly upon UTILITY JUSTLY EQUALIZED, which enables it to ascertain correct uniform value. All other plans or methods whatsoever kind or nature, lean in the same direction, but owing to the degree of indirection and round-about way they may use in arriving at or ascertaining value, will be found to be uncertain, indefinite, and unreliable. A GUESS, it may be correct in some instances but is very apt to be either too high or too low, AND NEVER UNIFORM. None of

these plans can or will produce UNIFORM VALUE, because THEY ALL LACK THE ESSENTIAL ELEMENT in order to produce uniformity, viz.: ABSOLUTE REAL KNOWLEDGE OR TRUTH, SUSCEPTIBLE OF PROOF AND DEMONSTRATION, in all cases producing or rendering like results or uniformity.

In Order to More Fully Elucidate

- 1st. Our plan is not purely an income method or system.
- 2nd. Our plan is not purely an annual income method or system.
- 3rd. Our plan is not purely an average annual income method or system.
- 4th. Our plan is purely a system, based on *utility*, which includes all of above, viz.: *The reasonable annual average earnings or rental value*.

This real value can not be had or ascertained from *mere opinion* of an assessor or committee, or a dozen so-called expert opinions, unless they are familiar with all the above, viz.: *The reasonable annual average earnings or rental value*. It must be remembered, opinion or testimony, no matter how important, does not make value. Opinion like memory is fickle and tricky, it may be influenced to go up or down, with the state of the weather, fog or sun.

Hence it can not be depended upon, unless it is based upon all the essential factors which go to make up real value and this is seldom if ever the case. It is generally based upon what a given assessor or witness happens to know about any definite piece of property. Hence the result of opinion is largely a guess. It is too vague, indefinite and uncertain to be depended upon in locating or fixing value for any purpose and especially for assessment, where it should be absolutely correct, in order to prevent discrimination and treat all alike.

This can and will be had with more uniform dependence, accuracy and reliability by *utility* than any other plan. If opinions or sworn testimony do not make value—but *tenants or contractual parties do, who pay rent or interest when it is properly equalized*. Then why not get value, first hand, direct from the tenant or landlord or contractual party, which is the highest and best evidence instead of second, third or lower grade—evidence from those who have opinions for rent or sale, which are not worth a soap bubble, because you can generally get all you want on either side of a contest for the asking. It is admitted by the highest authority that opinions vary from one to fifty per cent, (unless they compare notes before testifying), hence can be of but little, if any, aid in establishing *real value*.

Webster's dictionary says: "*Opinion* is sentiment, notion, persuasion, idea, view; it is belief stronger than impression but less strong than *POSITIVE KNOWLEDGE*." Value by our plan of *utility justly equalized, can be had under oath from both the tenant and landlord or contractual party and is a double source of POSITIVE KNOWLEDGE or truth*. Besides it is the highest and best evidence obtainable of *real value* under any and all circumstances, regardless of kind, size, shape or location.

This does not mean the highest or lowest *rental value* of 1, 2, 3, 4 or more lots or buildings (whether occupied or vacant), but the *fairly average annual rental value for the entire block or neighborhood or earnings of all other kinds of property*.

The result or value must be had from fair and honest comparison in all cases. This rule can be applied with great accuracy and justice to all inside or inside lots and improvements.

Our rules and tables of Taxation clearly demonstrate how to ascertain the value of all business corner lots. The value of each business corner building or improvement will almost be a distinct and separate law unto itself, which each year's average rental value alone can solve, prove and demonstrate.

The use of standards in real estate assessments are of the greatest importance, hence we take *utility, or rather the new manner and application of the word utility, as our standard*. This statistical information of *real value* will be built up, made stronger, more accurate and reliable from year to year and in a few years should be absolutely correct. It may be applied to one piece of property, a whole block or a whole neighborhood, by a boy of average intelligence or an accountant, as well as any assessor or so-called expert on values. The correct application of this rule must and will solve the most difficult questions of *corner lot value, next lots to corner value, middle lots value, regular or irregular shaped lots value, water front lots value, franchise value, or any other value*, where many elements and factors unite to produce value, in all cases justly and without error. Because it is the most natural, reasonable, feasible and accurate way of ascertaining *real value*. Is it not about what information or knowledge an average insurance company or savings bank would require, to base the value on a given piece of property, before making a loan, or a prudent business man before making a purchase of any kind of property? See page 6 on taxation. If this rule is conscientiously and honestly administered, absolute equality, fairness and justice must result.

The law in Ohio and some other states is as follows, viz.: "Any assessor who shall *wilfully or knowingly fail to equalize any personal or real property according to its true value in money*, shall be fined \$50 to \$500 and in addition shall forfeit his office or position." Thank God this is now a state law in Colorado for regulating the misconduct of assessors.

Is it not a shame and disgrace that this or a similar statute is not in effect in Colorado and every other state? Then Mr. Assessor would not insolently and automatically say as they do now: "Go to the courts if you don't like my assessment," no matter how erroneous or discriminatory, just as they feel. According to our present Colorado law, they may just as well say go to destruction—because the amount is always small, never large enough to justify the expense—attorneys' fees, court costs, witness fees, etc., time and bother, even if one is successful, will still be loser and much out of pocket in the end. Does it not generally mean successful discrimination and confiscation of that amount from the individual, which he can not afford to go to law about, to get back? Is not this principle and fact well known to all assessors as well as those large taxpayers, *who may receive special privilege*, by having their property undervalued and especially where they make large campaign contributions?

Apply the penalty liberally for misconduct of assessors—fine \$50 to \$500 and forfeiture of office or position. Then errors, mistakes and discriminations will be promptly and justly corrected—and we will no longer be told, "go to the courts if you don't like my assessment."

We have been complimented very highly on our pages No. 5 and 6 of Taxation. Also pages No. 9 and 10, where we justly criticise the plan now in use in New York City, Chicago, Philadelphia, etc.

To all who wish more detailed information on this subject, we refer to our eight pages of vigorous *amended protest and supplement to amended protest* against the adopting of the Somers or Unit system of taxation, both dated October 4, 1911, to the assessor of the City and County of Denver, Colorado.

No man dares say what lasting and uplifting results will follow from the adopting of the plan of *utility justly equalized* as a basis of taxation, entering intimately into the life of every taxpayer, throughout the world.

This system of taxation is not meant or intended to be merely local; but is equally applicable to any city or community, large or small, no matter where located.

A false balance is abomination to the Lord, but a just weight is his delight.—Proverbs, 11:—1.

The following letters are not a part of my San Francisco paper; we add them, together with a short paper, our "Economics With a Smile," to clarify and elucidate the paper which is published in full as it was passed for publication by the Conference.

Part or about one-half of the original paper was published in the Proceedings of the National Tax Association, vol. 9, pages 260-270, 1915. It will probably be found at most public libraries. We think they published the wrong half, and now, with high courage, kindly ask that both halves be published in the Proceedings:

San Francisco, Calif., Sept. 1, 1915.

Mr. Alfred E. Holcomb, 15 Dey St., New York City.

Dear Mr. Holcomb:—Your good and very appreciative letter of explanation, for blue penciling our San Francisco paper, has received, dated August 23, 1915.

We fully and freely concede for general circulation, the personal matter should be omitted. But, from my present point of view, your suggestions take from the paper a whole lot of explanation and *emphasis*, which some minds might require, in order to better or more fully understand the paper.

We hold that adding some of the spice or ginger, it will not leave the paper insipid. With this understanding, and the reservation of holding the paper intact, for future publication or use, should there be such a demand, I, with a heavy heart, tinged with a little sadness, perhaps not unlike to losing some dear friend, freely and cheerfully CONSENT TO THE CUT, believing it to be the greater part of wisdom to do so. This is strictly in accordance with my previous and sincere offer of censorship by the N. T. A.

The Honorable Thomas M. Cooley said to us that TRUTH WAS ALWAYS A JUSTIFICATION OF ALL ERROR, WHETHER PERSONAL OR IMPERSONAL: THAT NO PUBLIC WRITER COULD HOPE TO BE SUCCESSFUL UNLESS HE WAS SINCERE AND FEARLESS. This is my only excuse for perhaps some rather sharp, definite, personal criticism. Some of my illustrations may seem, at first blush, especially in a few of the intended strong pleas, to be very personal or egotistical. This is mere history, and only used as forceful, emphatic examples, I being more familiar with it than the examples history or experience of others.

You see, I am still in San Francisco; my mission here is not yet completed; we have some real administrative converts, as well as converts of theorists, who perhaps none knows better than dear Mr. Foote and yourself, for TRUTH'S SAKE ALONE. So many good and abundantly qualified minds have only seen part of our writing and analysis on UTILITY and of course they cannot be competent judges of the whole, or get our perfectly clear point of view.

I now specifically refer to a few of our well acknowledged master minds; namely, Profs. Seligman, Pleh, Bullock, Adams, et al. I have not the heart to take up their valuable time by asking them to carefully go over our logic, reasoning, and analysis of, perhaps, several hundred pages, consisting of many years of close, practical application of every principle as set forth in our UTILITY SYSTEM of taxation.

The exhibits alone, referred to in my S. F. paper, perhaps would make as strong or stronger and possibly longer paper than the original. Of course, it is easy to say, "BOIL IT DOWN; CONDENSE, CONDENSE," but we all know in conscientiously analyzing technical matters, this "BOILING DOWN" process must cease at a given point or else we lose or destroy the greater part of the text. May we not nearly as well ask an author of a standard text book to condense, say, to one-half or one-fourth the necessary space, or, put a No. 8 foot in a No. 4 shoe.

Of course, they and we all say "CONDENSE, CONDENSE," etc., but this is not the proper time or place for condensation. That is for the STATUTORY PERIOD, which we hope will be uniform and universal in the near future. Then we will gladly join hands with them, and you all, and we cheerfully hope to equal, if not excel, your most profound condenser for purposes of all legislatures and the statutes of all countries, perhaps to a page or two.

But, for the present, one thing at a time will perhaps prevent clouding or obscuring the issue. We are now only in the formative period, DILIGENTLY SEEKING TO CREATE, GATHER, PROPERLY ARRANGE AND CODIFY PUBLIC OPINION FOR GENERAL UNDERSTANDINGS AND USE, and not for the experts either in practice or theory alone.

To illustrate, YOU KNOW, AND I KNOW, the principles so ably set forth by you, namely, that EARNINGS form practically the only rational basis for determining the values of public service property, is true, correct, and sound as a nut.

The same philosophy, logic and principles are equally applicable to all other classes of property of every kind or nature. THIS IS THE CONCENSUS OF I PRACTICALLY ALL DULY QUALIFIED OPINION WHICH IS SERIOUSLY WORTH CONSIDERING, excepting perhaps, some minor details, or to be contrary for contrary's sake, or to spin some long argument or theory merely for debate. But, in the end and wind-up, or round-up, they all must and invariably come back to earnings, as the only sane, correct and feasible basis for determining the value of every kind of property on, above, or beneath the earth.

WITH ALL THIS ACCURATE KNOWLEDGE, you and I and the rest of us are not getting anywhere. Why? Simply because we are divided, vacillating and not properly united or securely banded together to MOULD, REMOULD, AND KEEP ON MOULDING PUBLIC OPINION.

Dear Mr. Holcomb, if my labor of love appeals to you, by your expressed permission I will shortly try to somewhat rearrange my exhibits and crude materials which we expected to use in rewriting our Taxation and submit it to you for your blue pencil, under the strict censorship of the N. T. A.

I have most of my exhibits and papers with me. I may remain here for another month or two. I find that I am working just about as hard and studious here as when in Denver.

By the way, I wonder if it would not be advisable for you to recall all my protests, etc., which you sent to the members of the old Executive Committee, so as to get them in new or fresh hands, to be distributed at your discretion; to keep active, say thirty days or so, to each one?

Mr. Foote suggested a similar plan and names for the use of my S. F. paper. It is not confined to the members of the Executive Committee, but to many others which I am following.

I return this mss. exactly as you marked it. I have an exact copy for office use.

We hope Mr. Foote has sent you a VERY PERSONAL LETTER FOR YOUR CONSIDERATION, of part of the last day's proceedings, but, if not, we enclose copy herewith in confidence.

Mr. Holcomb, it might be the N. T. A. could do a whole lot worse than to handle all this pertinent material in one supplemental volume, book form, if it is found too voluminous to insert it all in the regular volume of the proceedings, as per the resolution at the last Conference. Please at least give the paper the circulation and publication as prayed for on page 23. It may be my best wish.

Sincerely yours,

NAPOLEON WAGNER.

Address, care Wells Fargo, Nevada National Bank, San Francisco, Calif.

A PERSONAL PLEA

San Francisco, Calif., Sept. 16, 1915.

Mr. Alfred E. Holcomb, 15 Dey St., New York.

Dear Mr. Holcomb:—By express permission, I rise to state a few points of order of personal privilege in the National Tax Association. FIRST. In view of the facts as set forth in my letter to Mr. Foote of date August 14, 1915, of part of the proceedings of the last day's session sent to you, Mr. Holcomb, in confidence.

IS IT MEET AND PROPER THAT DOCTOR ADAMS OR THE DENVER MONEY, CORNER LOT VALUES OR OTHER SINISTER INFLUENCE be permitted to in any way censor or judge my San Francisco paper or any of my writing on taxation, known as the Utility System, etc., for the want or lack of fairness, as has been, or can easily be shown BY THEIR PREVIOUS CONDUCT?

Is not this request only judging the tree by the kind of fruit it bears? Is this not doubly so, owing to the fact that only today I received the following copy of a letter which explains itself, viz.: Lake Placid, New York, August 25, 1915. Mr. Napoleon Wagner, 1116 Emerson Street, Denver, Colo. My Dear Sir: In reply to your letter of August 14th I would say that I have read your paper with interest. It so happened that Prof. Adams was with me and we agreed that he could take charge of the matter. With kind regards, I am faithfully yours.

(Signed) Edwin R. A. Seligman.

Now, can any real, alive, conscientious person, with red blood in their veins, idly sit by and permit WHAT THEY KNOW to be a great principle and matter of real worth to be lightly handled, smothered, or killed, for WANT OF AN UNBIASED, FULL, FREE AND FAIR PERSONAL INVESTIGATION without raising their voice in solemn, earnest protest, BY SAVING AN EXCEPTION IN THE PUBLIC RECORD OF THE NATIONAL TAX ASSOCIATION FOR REVIEW OR FUTURE USE IF NECESSARY?

Under the circumstances, this I am reluctantly forced to do.

SECOND: In view of the above I wish now and here to emphatically state and go upon record, viz.: that all my reasoning, argument, etc., is directed AGAINST MERE OPINION IN GENERAL, which is now practised and in general use to determine values for assessment and taxation everywhere; and not merely against the so-called Somers System of Taxation. It was rather an accident with us in being called upon to investigate and analyze the Somers System. Then it was then we first discovered and pointed out its many fallacies. Among others WAS THAT ITS SOLE BASIS WAS FOUNDED UPON AND UNIVERSALLY ADMITTED TO BE MERE OPINION.

Thinking as we did, that this was error, THAT MERE OPINION WAS A FALSE BASIS and the real cause of general complaint and failure to determine and ascertain proper and correct values of all kinds of property for assessment and taxation by all assessors everywhere. This, naturally, led us, on, step by step, UNTIL WE FULLY ANALYZED AND FINALLY EXPOSED, NOT ONLY THE SOMERS SYSTEM, but all other systems, which included many other systems, or Quasi Systems with a similar or false basis. This perfectly clear point of view to me, when first publicly announced in 1911, seemed so astounding to the world it at first perhaps was not taken seriously. But with an unceasing energy, vigilance, and feeble ability, it has now arrived in a stage where it will, of its own slow growth and evolution, DEMAND AND COMMAND A MAN'S ATTENTION AND WORK FOR ITS UNBIASED, PROPER ADOPTION, UNDERSTANDING AND USE.

While it practically sets aside, or greatly modifies, perhaps hundreds of other TRIED AND FOUND WORKING plans or systems of taxation, yet it is not REVOLUTIONARY. IT IS MERELY A NATURAL, SANE EVOLUTION, leading, step by step, out of the deep labyrinth of an historical, uncertain value basis to a high, certain and definitely fixed value basis.

THIRD: Our plea is to spare the knife and blue pencil from pruning too close, so as to save the heart and vital parts for humanity. However, some pruning may be judicious, warmly and sincerely welcome, but to blue pencil or prune merely or chiefly, from sentiment for roughness, crudeness, want of ethics; want of conventionality, rhetoric, etc., will surely be error. Because these are minor defects, possessed to a greater or less degree by us all, but which may be smoothed out and properly full-dressed by special detail minds.

Therefore, husbanding, saving and preserving, the real worth, the spirit, or the diamond in the rough; as well as permit, perhaps the somewhat untrained, unfettered, wild, or romantic mind to do its work in its own way, in the open, unhampered, not unlike the wild bird or deer—wholly uninfluenced by error,

politics, deception, fraud or flattery, or wrong-doing of any kind; just natural. Fray, do not destroy its idealism by too much formality or conventionality.

FOURTH: Dear Mr. Holcomb, the development and unfolding of this plan has not come to me like fiction, by the meter or yard, but by the most laborious and slow process, much of it a mere word, a sentence, a paragraph or page, seldom more at one time, but when it comes by day or night it seems so compelling and forceful that I try always to save and preserve it—of course for future assortment, codification and orderly arrangement. Now, is it to be grieved at, or wondered at, why I am so intensely interested in universally establishing **WHAT I KNOW TO BE A JUST PRINCIPLE**, any more than it is at what **YOU KNOW TO BE A JUST PRINCIPLE**, applicable to a large part of this same property?

FIFTH: For the past one-quarter of a century, up to and including the present time, most theorists and economists have been fault-finding and severely criticizing the administration of all taxation, while the administration blame both the economists and the legislative branch of our system of government as not being feasible or practicable. Hence, we are all at sea; a dead-lock exists; we need some forceful, practical mind to take the helm and lead us all safely and safely to victory which lies very near at hand, on a silver platter in the future of Utility. Will we accept it without cost and without price?

Have we each the courage of our sincere inner conviction to seize and lay a firm hold on the PRESENT GOLDEN OPPORTUNITY before it will be swept aside and, perhaps, forever too late, for this and possibly many other generations to come? For humanity's sake, let us all agree to lay aside all preconceived and give Utility a fair and honest trial. **NOT TO DO SO NOW** will surely prove a boomerang in each one of our insipid faces; will it not prove to us to be a lot of spineless cowards, cowards whose cowardice will justly live to haunt us to our dying day?

SIXTH: IT IS A TRUTH, THAT I HAVE, AS YET TO ASK THE FIRST MAN, CREDITED, QUASI CREDITED OR PROFESSSED ECONOMIST, from the highest to the lowest, who might pretend TO DIFFER WITH THE ALMOST UNIVERSALLY ADMITTED CANON of all honest and fair taxation, viz.: THAT EARNINGS SHOULD FORM THE CHIEF, IF NOT THE SOLE BASIS OF ALL VALUE. Occasionally we meet with opposition to the earnings as a basis by a few individuals who are frank and honest enough to say, "it is solely because the policy of their peculiar interest demands it." This type of mind ad character deserve great credit, whether Profs. of economics, banking, real estate, or any other industry.

Those who pretend to differ with this CANON, having honest conviction, except as to details, were promptly asked by me if they could or would give a better or more fair basis. The answer has invariably been as silent as the grave. Now, we say, in all candor and fairness, "If they cannot put up, let them shut up." Generally speaking, it is only the weak, sneaking or wobbly politician with a sickly sneer, who never find time to read a paper or duly investigate or express an opinion, unless it suits their particular interest or special privilege or common graft. (YOU CANNOT KILL A TRUTH.)

Formerly I believed politics permeated and tainted practically only the peasant politician, in the lower stratas of political, social and industrial organizations of society. That it seldom, if ever, reached the higher-ups; the scholarly experts in technical or governmental positions, but in more recent periods we are informed here in these so-called exclusive organizations is where the political evil seems to have attained to its full growth. We believe the time has come to MAKE ALL GUILT PERSONAL, though we be called PARIAH for doing so. IT SEEMS THE ONLY EFFECTIVE WAY OF ERADICATING ERROR. Call me a dreamy pioneer, and an intrepid freelance, aflame with enthusiasm or what you wish, but not one of us is worthy of the high and exalted name of a real ECONOMIST, unless some of us devise a way of utilizing the energy of the present great waste of escape value.

There can be no possible justification for Denver or any cities' toleration of the tax scandal, much less the pride, strength and influence of this authoritative, great National Tax Association. Of course free America is no place for a man with a "grouch." Yet, what are we to do, in the presence of action or inaction which disgraces us all? Those who are responsible for the violation of the law are the enemies of this city. Any decent people ought to be ready to tell them so. The black spots of tax-dodgers, and the men who profit by under and over valuation, is a mean and patric kind of theft; and the men who profit by it are persons lost to self respect and bankrupt of honor. The city authorities tolerate it all—and they make us ashamed of the government of our city. This contempt for law, contempt for the obligations of office, contempt for personal rectitude—

for what integrity of soul can there be in officials of a municipality and officers of the law who deliberately resolve to set at defiance the law they are paid to enforce?—is a strange and wonderful thing. It seems to embitter our citizenship. Of course, the law ought to be enforced equally. "City officials ought not to act so that they ought to spit in their own face."

An honest man ought not to be content to wallow in the dirt and men whose wives hold their heads high in the city, and whose children are glad to bear the name of their fathers ought not to be willing to make money out of their dirty and shabby sordid work. Is it not a civic disgrace and black spot—when its citizens are forced to go pleading, arguing and imploring elected persons to do the right which they are elected to do. What I cannot understand—what I have never been able to understand—is why are the serious, sensible, law-abiding people of America willing to leave their cities which they love, defamed throughout a continent by this low moral type of politician, the gang, the gamblers, the impurity element, found in any party and administration which cringes before vested interests, error and unrighteousness? Why should we Americans allow it to be known throughout the world that we tolerate or permit low politics which would be condemned even by barbarians? Is this not a personal, social, official and national humiliation to us all? Let us all join forces, band together in one mighty organization to entirely eliminate all special privilege, the foundation of which is in tax dodging, the greatest blight and curse of all people.

"What makes me sore" is: we all know this to be a truth, but before so stating we go around consulting one another and especially the bell weather first; what he says generally controls the whole flock. Unpleasant task as it is, to narrate this sad story, it must be done to clarify the situation. Can such act or judgment be regarded as being furnished impartially?

Dear Mr. Holcomb: In all this matter, can't you see that I am pouring out my very soul to you, trying to make the plea of my life. In its result will depend not only the salvation of my soul, but the salvation of your soul and the salvation of all the souls of our very worth organization—yes, all of God's souls everywhere. **THIS IS OUR MISSION: DUTY, DUTY, DUTY.**

I have nothing but pity for the poor, weak, much deluded politician, whether in college or out of college; he only deserves our united condemnation and contempt when, by his acts and conduct, he thwarts, or attempts to thwart the natural progress and orderly development of man's and God's laws.

Sincerely yours,
NAPOLEON WAGNER.

ECONOMICS WITH A SMILE

BY NAPOLEON WAGNER

Propriety forbids that we should here even attempt an outline or detail of listing the various types, classes or sub-divisions of property for fair comparison, assessment and taxation, because this is clearly the province of the State Legislature, perhaps at present no two of which are exactly alike. But, all should be made in each state as near uniform as possible.

It is almost superfluous to say that *double taxation* is error and must not be practiced; there can be but one just legal situs, chiefly the domicile of its utility, which is not always the state or domicile of its owner.

It is said there is great wisdom in making the tax levy very low on all intangible personal property, and by so doing a much greater amount of value will be returned and listed and correspondingly a greater revenue received, because this is a tax on conscience; it cannot be enforced.

It is almost superfluous to say the *use or utility is the chief factor* in properly valuing all franchises and buildings or improvements of all kinds. Not in duplication or cost price if obsolete, or if poorly located; but full duplication or cost price if well located, of course, less depreciation according to the general established standard building rules for depreciation of value because of age, etc.

Death dues or inheritance tax is commendable, it is entirely regulated by each legislature. A percentum tax of the gross earnings on all mines

of every kind or nature, is perhaps the fairest, simplest and surest base to ascertain all value; it is easy to administer and a large revenue producer, of course; it also is entirely regulated by each legislature. This is equally true of all corporations whether large or small, public or private, *tax their property, franchises, etc.*, not their bonds, etc., which are mere receipts, or paper evidence of value. Use the *ad valorem* or *invoice value* of manufactures and all merchandise of every kind or nature, chiefly based on use or Utility for assessment and taxation. This is equally true in valuing all tangible personal property, as well as all farm property of every kind including timber, orchards, quarries, fisheries, etc., and of every other kind of property, which is subject to taxation. Always subject to the statutes, an imperative command of each State, Province or Nation.

Whatever the language or words used anywhere in the 4th edition of *on taxation on the plan of Utility or Reasonable Annual Average Earnings or Rental Value (Economics With a Smile)* is meant to include every class and kind of property subject to taxation.

By *Utility* we mean the value received or probably receivable for the use of property of all kinds. The ultimate measure of all human labor, must be the usefulness or Utility of the things produced.

Demonstrable, clear, detailed, analysis seems to be the magic key to unlock or properly solve all most problems. We think it will enable us to correctly and justly solve a *world problem*, viz.: Civic, State and National Taxation, all on the one basis of *Utility* or reasonable Annual Average Earnings or Rental Value. Ten pages, No. 260-270, just published in the Ninth Volume of the National Tax Association Proceedings contain part of my paper presented to the Annual Conference at San Francisco, August 10, 1915.

Accumulated values equals capital, estate, property, etc., capital is merely accumulated labor, whether it be of but one day or more days' value. It is the saving from yesterday. Today's laborer may be a capitalist tomorrow and vice versa.

Analysis shows, logic proves and reason demonstrates the etiology of both *Capital and Labor*, to be of the same common parentage, viz.: Utility, whose value varies in degree from the lowest to the highest amount, owing to success or failure in any industry. If this is true, and we think it is, that they have the same origin of parentage, it naturally follows that they are brothers—not half brothers, or orphans, but full brothers in consanguinity or blood relation.

As the ultimate measure of all human labor is usefulness or *Utility of the things produced*, the city or country's tenants, merchants and residents are its creators of value. Then why should these brothers, *Capital and Labor* question or dispute each other's relative standing, when tomorrow it may all be reversed? Would it not be more seemly and logically correct for them always to be partners, or at least co-partners, and co-operate in the organization of all industry? Thus the greatest opportunity for self-development, individuality, imagination in organizing and in evolving the correct principles necessary to the proper application and solution of the greater problems is had.

Economic history and natural evolution demand the highest type of both of these forces, or brothers in the orderly development and unfoldment of all economic problems, and of God's laws for man's best use.

The common law of the land is made up of **UTILITY** based on pure, clean logic and reason, a skeleton or outline to guide, regulate and control human conduct.

Put all kinds of property subject to contract on the same basis as site value, improvement value, or any and all other kinds of value, viz.: The reasonable annual average earning or rental value. **UTILITY JUSTLY EQUALIZED, DOES NOT MEAN THE INCOME PLAN OF TAXATION**, we use it as a simple and the most accurate means to justly locate, measure and compare value, because it is susceptible of more elasticity and yet retaining all its accuracy than any other measuring tape or rule in ascertaining and proving value. Under any and all circumstances, it is true and correct; properly used it will never disappoint you. It surely is more reliable, feasible and dependable than any other known method or system.

As well permit owners of valuable business lots to determine for themselves how much tax they are liable for, as permit them to so determine whether they are liable for any amount. The law in every respect is to be administered by the officers of the law and not by those who are subject to it. Shall these influential owners be allowed to dictate or determine the amount of taxes they will pay? **ANY TAX LAW TO BE EFFECTIVE AND LEGAL MUST REQUIRE UNIFORMITY OF THE RATIO OF VALUE AND NOT MERELY A UNIFORMITY OF PROCEDURE IN THE LEVYING THEREOF.**

Standardization of Rules

Is of paramount necessity for use in the progress, growth and development, in health, in electricity, in economics, in efficiency, whether moral, intellectual or spiritual. Why not apply the same rigid common sense rules in taxation, and especially to have one common standard of rules and principles to ascertain all **VALUE** for all purposes. That is, to reduce the value of all kinds and classes of property to **ONE COMMON DENOMINATOR**, so as to put all classes, as nearly as possible, on the same basis.

This will create efficiency, fairness and justice, it will prevent discrimination by all local political and administrative officials; will it not be exactly what the true tax expert and political economist has been looking for?

The human mind is ever evolving, evolution; the human physical body is ever decaying, devolution.

"Unless to thought is added will, Apollo is an imbecile."—*Emerson*.

In adopting the method of Utility, it is not meant or intended to entirely eliminate the human equation of judgment, but it is distinctly pointed out, the imperative necessity to remove and eliminate all or as much of the conceit, ego and uncertainty as possible; by the use of simple rules and scientific principles properly applied, error should be reduced to a minimum, by ordinary or even meager judgment.

What is Value?

Value possesses many different aspects or phases such as cash value, credit value, sale value, assessed value, potential value, imaginary value, ideal value, sentimental value, ephemeral value, nonsensical or speculative value, etc. All of these are merely part of the one stupendous whole, *real value*.

Nothing is to be gained by obscuring the issue of hair-splitting dis-

tintions of *real value*, but to afford meagre excuse for theorists in long-
vinded debate of the clearly different surveys, aspects or views of every
day business value.

We are not seeking sentimental aspects of value, which results from
association, imagination, special personal idealization or spiritualization,
which is seldom used in business transactions; it more properly belongs
to the domain of Sociology, Psychology, or Theology and not to practical
every-day business transactions.

But what we are seeking, and shall clearly ascertain, is practical
National universal value, which is acceptable to us all, viz.: Webster's
dictionary says:

"**VALUE** is distinguished as **INTRINSIC** and **EXCHANGE-
ABLE**. *Intrinsic value* is the same as *Utility* or adaptation
to satisfy the desires and wants of men. *Exchangeable
value* is that in an article or product which disposes in-
dividuals to give for it some quantity of labor or some other
article or product obtainable by labor."

Hence, is it not perfectly clear *there is but one real value* of any-
thing, viz.: its *Utility*, which when fairly capitalized does represent its
exchangeable value with any and all other classes and kinds of property.
Is this not a clear analysis and demonstration of exactly what we are all
so diligently seeking, viz.: common sense, substantial, practical every-day
value?

It is clearly not within the province of this discussion for us to at-
tempt to point out exactly or in detail how each piece of property or each
subdivision or class of property shall be valued, except to blaze the trail,
point the way by our Utility in complete universal harmony with the
mandatory statutory or provincial command, which will do the rest.
The statutes must be followed by the proper application of Utility for
just, universal and substantial equitable results.

It is equally clear, by the system of Utility, that no property of any
kind can be owned, controlled or held vacant, or in non-use, merely for
potential or speculative increase or decrease of value without in the mean-
time bearing its fair share of the annual tax burden. This is chiefly
governed by rule three of our Taxation (with all respect and due credit
to the late Hon. Thomas M. Cooley).

But for the mockery, the conventional absurdities and the affecta-
tions, which so readily lend themselves to caricature in the name of
utility, no condemnation can be too strong.

The system of taxation based on Utility fairly administered will be
a distinct advantage to all classes and types of property and especially
the banks and large corporations by entirely freeing them from the
necessity (in self-defense or otherwise) of maintaining constant political
activities with *all their perils*, annoyance, worry and expense. All com-
petitors and all others will be put on the same common level. Each cor-
poration perhaps will be able to save more money than they have heretofore
been assessed to pay THE BOSS, his minions and the ever-changing,
vacillating, never-ending flock of unscrupulous politicians.

To the president and officers of every large corporation in America,
we appeal to each one of you, to give answer, private or public, whether
you believe this system will be the proper economical common sense solu-
tion of the present complex, unfair corporation tax problem. In the re-
cent past, many worthy corporations have been forced into failure or
receivership because of unfair and inordinate taxation.

"*Guess-work*" in ascertaining value is now publicly condemned by
the courts. See *The Rocky Mountain News*, January 25, 1916.

The old obsolete yoke of guess work, in ascertaining all values by
assessors for assessment and taxation everywhere, is neither an easy nor
a pleasant one—it must go—just as perhaps, in truth and justice, many
of the insufferable, little, weedy, seedy, peanut politicians of assessors,
and state tax commissioners should go. Then with a duly qualified tax
court, with absolute authority to hear all worthy complaints and right
every wrong, every day in the year, or when the wrongs, errors or injustice
is discovered, in an inexpensive, simple, business-like way, and not
by a lot of red tape by two or more tribunals, and only a few days during
the year to make proper complaint. This is the way to render justice,
and prevent all the mischief bred of local irritation. The new method
of dealing with disputes by Utility gets quickly and inexpensively right
to the core of the trouble. Of course, have one final court of appeal,
where all costs shall be borne by the losing side; this method will bring
and insure substantial speedy justice to all alike.

Why should anyone be required to yield to arbitrary and unjust
demands?

"The existence of any method, standard, custom or practice, is no
reason for its continuance, when better is offered." Hence, why con-
tinue the plan of guess work, errors and discrimination of the present
assessor? Confusion, uncertainty and political maneuvering should be
summarily abolished. Why perpetuate error? Why stand still or go
backward? Are we not participants in crime by so doing?

Politicians are in league, not for the protection of the rights, but for
the perpetuation of the wrongs, to ever foist and increase tax burden on
the people.

The present method of taxation of undervaluing the corners and
overvaluing all inside business lots is a devilish device for enabling the
few to rob the many. "Squeeze Methods" against many, in order to
hand out on a silver plate special privileges to the few by the *plain, brazen,
defiant plan* of under valuation, in many instances from 50 to 200 per
cent, on honest and just comparative valuation with their immediate
neighbors each year. The plan of utility will shape the course of taxation
for the *general benefit*, instead of for the private and special interests.
It will be genuinely constructive; it is a world wide subject, and
it is said to be intelligently and justly developed on a world wide basis.

The United States Bureau of Standards is a clearing house of infor-
mation. Every manufacturer and consumer, every technical association
or other body concerned, is invited to criticize and contribute their opin-
ion and experience to the end that the rules, specifications and standards
selected shall be fair and representative, in other words truly national
and universal, doing away with *uncertainty and ambiguity*. This is
exactly our idea of *Utility* in measuring, ascertaining or determining all
value for assessment and taxation, whether civic, state or national, viz.:

"The Bureau of Standards aims to assist industry and the individual
citizen, and it can be safely asserted that it has proved wonderfully suc-
cessful in turning to practical advantage its unique experiments. It is
for this reason that Congress has seen fit from time to time to extend the
scope of activity of this great National Bureau, and every such move has
received the support of manufacturing, engineering and industrial inter-
ests generally. Standardization and interchangeability in all efforts lead
to increased efficiency, and when they become nation wide, the benefits

are distributed correspondingly to the industry of the nation at large and to the individual in particular."

Hence, we now ask Congress to adopt UTILITY (as per our definition). The universal unit, measure and standard of ascertaining all values for all purposes, and especially for all assessment and taxation.

Why not have a fixed and definite standard for measuring all values, as well as yard sticks, weights and measures for all commodities? Are dry goods, apples and potatoes, meats and cereals of more importance than the value of a medium of exchange, or money it takes to buy them? Why may not the value of real estate be reduced to a universal common denominator for simplicity and convenience in all marts for barter, sale or exchange?

If this is true with respect to the value of one commodity, it is equally applicable, true and correct with respect to the value of all commodities, and all kinds of property.

Political economy and natural science clearly demonstrate that Utility possesses all the rules and tools necessary to render a practical standardization of all kinds of property to one value basis. Every detail of the various methods of ascertaining value of every class and kind of property should be made as simple and clear as possible by the proper classification and standardization as will admit of, for fair comparison and uniform just value as directed by the statutes of each state.

In recent systematic text books on political economy, the method of exposition is largely through abstract reasoning; some of them, indeed, may fairly be termed treatises on applied psychology. This method does not involve the use of *facts* except in most general terms. Accurate observation is a desirable object of educational effort, to properly recognize and classify the facts of economic life.

As a rule our text books dwell upon methods of rendering the relative value of *deduction and induction*, but give too little attention to the practical observation and application of *facts*. Political economy is that body of knowledge which treats of the relation of the wants of men to things which will gratify these wants, viz.: Utility.

An American Problem—Inheritance

A little prosperity makes haughty individual independence.

A little schooling makes doughty individual conceit.

A little social culture makes doughty individual selfishness.

The above combination not infrequently makes a little fool, a loafer, a spendthrift or a snob—seldom a really useful citizen.

Logical thinking and reasoning requires clear-headed and sober-minded detailed record of acts of the mind.

Adopt the white wings method for all assessment and taxation, with a *sample block* in hand, a builder's *level and plumb line* to clearly demonstrate actual, practical, relative and uniform value. In all cases take the double oath or sworn statements of both owner and user of the ground floor and basement, to get the true and correct site value first; then the balance will be easy.

To commence with clean hands and a clean decent high grade or type of honest men to give each and all an absolutely square deal, using the dove of peace as a symbol of purity for all who will do right; at first or if the severe penalty for a lie in rendering false statement, but have it ever ready for instant use, with exactly double liability for the lie. Do

this after thorough information to the taxpayers in each block and we tell you, you will get the truth.

Explain fully and clearly that the amount sworn to *does not fix the value* of any given piece of property; it is the smoothing out process of just equalization which *does fix the value* for assessment and taxation. Hence the importance of getting each correct, so as to make all right in the end; if a lie creeps in, it will not benefit the liar, but throw the valuation of the entire block out of level, plumb and truth. It will be a false valuation, just because of one lie and where no possible profit can come to the liar, but just as soon as detected, rigidly exact a double penalty for falsifying the whole block. Do this consciously and fairly and we tell you, you will have all taxpayers so honest and square, you will not be able to induce one of them to lie. *Like begets like*, all that is necessary to do is to treat them *true level and square*, and they will be glad to tell you and all your assessors and tax gatherers the same way. Explain to all the taxpayers that all lines and all values of the block must be straight, level and true; demonstrate this with your full sample block by sighting up or down from any corner, and this will at once reveal any lie, by the high or low lot or spot in what should be your level or straight line.

It is all so simple, but you must prove it (at first) to each one by your rules and tools with your sample block which must ever be at hand. THIS WILL INSURE THE TRUTH. If for no other reason, simply because a lie is practically impossible without immediate detection. And where there is danger by your severe penalty, with no possible hope for any reward or gain, you will be unable to force a lie. All will be truthful, honest, level and on the square, because they have confidence and know all others are on the same basis. Your sample block will always be able to detect a lie, it will make people truthful. It will reveal error of under or over valuation at a glance.

It has been suggested that we get this novel sample block patented, and by letting all the people pay something for its use, even a penny a piece; it will be more appreciated than if they should get its great use and value for nothing. Besides, this method will do a double good.

First, by preventing unscrupulous persons from spying and imitating the genuine, by imposing an exorbitant or unfair price or royalty.

Second, by aiding us, and to properly and legitimately finance the National Tax Association together with the American Economic Association, under whose auspices, or may we hope under their united auspices, to soon give this matter to the world? A patient, much abused and much misrepresented world as an inheritance from its author, to and through your great body or associations of eminent and perhaps many really famous sincere thinkers.

Should the Utility sample block and system prove universally popular, a great revenue producer, it can safely be depended upon, that the National Tax Association as well as the author, will know exactly what to do by properly scattering bread upon the water in the direct interest of the people and humanity, whose sincere servant we hope we are, and always so to continue to the end.

We believe from observation and experience there are comparatively few minds capable of arguing and analyzing any technical subject to the last or final logical conclusion, by making each part plain, clear and understandable to the standard of the average mind or reader.

Yet, we fully believe with Emerson "Each man has an aptitude born with him to do easily some feat impossible to any other."

Kindly accept our well meant effort to properly solve some of the most world problems.

Up to the present time the world has not been taught *how to properly value a corner* of a large or a small city block for that matter, the world has not been taught how to specifically and accurately value anything. The world doesn't seem to know very much about economics, perhaps largely if not chiefly because of OUR WANTON WASTE and disregard of the principles and laws of Utility or intrinsic value.

We are all living at a pace where we do not stop to analyze or consider the small parts of which the complete result or whole is composed. Hence we are constantly forever and eternally jumping at conclusions and results for quick action, wholly regardless of all error.

Perhaps because old Adam and dear, sweet Eve did not do the thinking for us. Now, all the economists, all the theorists, all the executives and administration; yes, all, the whole world has had a try at the proper soution of this really very simple problem, viz.: How to properly value, even one little city lot, because when you possess the information, use the proper tools, principles and laws to get the proper value of one lot, it is easy to get the proper value of two lots, three lots, four lots, a whole block or any entire city the same way.

The entire economic world has been diligently, but perhaps not faithfully, working on this same little problem since Adam Smith's time, who gave us some of the recognized canons or component parts of a basis or rather a quasi basis for determining and ascertaining some values for the recognized support and upkeep of orderly constitutional government, by universal or public levy, assessment and taxation.

But between the period of cycles of time, that is, between Adam Smith's time and Adam and Eve's time, the world has made just about the same rate of progress in the solution of this problem, as from Adam Smith's time to the present time. That is to say, there has been no solution, not even an intelligent attempt at solution of the problem up to and including today.

The problem, or apparently hard nut to crack, has ever been the N A U G H T Y L I T T L E C O R N E R. The corners, whether round or sharp, have always been the stumbling blocks and failure of all effort and systems in their attempt to ascertain proper value.

The beacon lights have ever waved high from each corner, the danger signal, beckoning to all for a proper solution. There is comparatively little danger in driving fast on a straight, level road; it is the gullies, the hills, the angles and sharp corners, which cause the chief trouble. As it is, and always has been, easier and safer to travel on smooth, straight lines, so it is equally easier and safer to fix proper values on straight lines or lots in the middle of any block.

The failure is now and always has been to ascertain clearly, show, prove and DEMONSTRATE PROPER RELATIVE VALUE, of the corner with the adjoining and all middle lots. The Utility System clearly proves this verity by using up all the value, leaving no by-product, or extra value go to waste, or to be given to either side, the corner or to the inside or middle lots. Besides it is fully abreast of the times; it is always correct up to the last minute, and its self-adjusting elasticity prevents any occasion for re-valuation. This is equally applicable and true in properly valuing all classes and kinds of property, as well as valuing city lots. However, decidedly the greatest values of the world lie in city lots; site value; hence, the greater importance and necessity of proper valuation

of this chief class of property. That is precisely the reason we have put emphasis, perhaps over-emphasis, in first properly valuing all city lots.

These centers of great site value of both business and residence are never at a complete stand-still, but are slowly and surely ever-changing. Generally every generation, or oftener there is a rapid and radical change to move up-town or farther out in the suburbs or country. To permanently hold or maintain the highest values in one fixed location, whether of business or residence property is impossible. It would be silly, a serious error, and injustice to attempt it. This like all other values, must be regulated by supply and demand.

Utility meets these and any and all other fluctuating conditions of value on the spot, properly and fairly, because the system is an annual re-valuation system, viz.: A percentum of gross earnings, or of the value received for the use of property of all kinds.

The Utility System of Taxation is proper, full and complete in rendering the correct amount of revenue, derived from the total or gross use or earnings of each piece, class or type of property, regardless of kind. When the gross earnings of all kinds of property is properly capitalized, it represents the full and complete value, there is nothing left, there is no by-product of value, or revenue unaccounted for; there can be no additional element or factor entering into value, over and above Utility, which is subject to a levy, assessment and taxation. There may be different aspects, surveys or views of real value remaining, such as potential value, sentimental value, ephemeral value, speculative or imaginary value, etc., but all these are mere phases or shadows of REAL VALUE and have absolutely nothing to do with PRESENT CASH VALUE, which is the only real basis for a public levy, assessment and taxation of any and all kinds of property which is subject to taxation.

We have tried to make the UTILITY SYSTEM a labor of love, a real work of sincerity, free from all prejudicial influence of a set policy of any board of regents of this or that college, university or seat of learning. The trustees, or deacons of this or that church, or of any sinister or other improper influence, because of meal tickets, or otherwise. It is given to the world just as it was revealed to the writer.

Now if we read, interpret and judge history correctly, this great world problem has been permitted to lie dormant, chiefly because of known special privilege and inordinate personal greed and selfishness. It has been the ruination, destruction and just downfall of all nations, and will evidently so continue to be, unless we speedily get busy and right these great patent wrongs of universally admitted discrimination and unfair taxation.

Is Europe's present condition, not a true fearful living example of inordinate and unfair levy assessment and taxation? History invariably and clearly demonstrates that there is imminent danger in procrastination by refusal or failure of righting both private and public wrongs. Just and intelligent action should be our quick and willing response.

Apparently not many people really know that Eve was and is the best part of Adam. Without that dear, sweet, little partner, old Adam would have been a mere man, and perhaps at best a poor excuse of a mere man. It requires the harmony and union of mind and thought, and spirit of the two in order to complete or make anything whole. Either alone are but component parts of the one perfect stupendous whole, hence for the successful solution of any problem they must work in unison,

whether it be a physical, moral or spiritual problem. Either working solely alone, along any lines would be a failure.

Good pure thoughts sometimes come slowly, a mere bit at a time, like clipping a hard stone; it requires patience and a WILLINGNESS TO FAITHFULLY SERVE HIM, who alone enables us to orderly arrange, codify and assemble these mere bits of PURE THOUGHT in the clear analysis and proper solution of any moot or other problem.

A proper analysis of anything whether it be a mechanical or mental problem, simply enables us to clearly separate it into its several units or component parts and then carefully put it together again, make it inter-angeable; this can only be accomplished by pure real faith of the dual m inds, of Adam and dear Eve, by uniting the spark plug of the infinite, with, by and through the finite. The one mortal remaining MERELY BEING THE MEDIUM to transmit and pass the thought, idea and solution of the problem on for the use of the rest of us, God's little weaklings a best, chiefly and perhaps wholly so, because of the lack or want of our real FAITH.

Now, if you please, here is the solution of your moot problem, or OPINION, of VALUE, of UTILITY and of TAXATION; the golden key is now tendered to each of you on a silver plate.

We may be called upon next, who knows, for a clear analysis and proper solution of the PUBLIC PRESS. This like the problems of Finance, Opinion, Value and Utility are generally thought to be such big, deep and intricate problems as not to admit of any kind of solution. Yet, if the former have given way, yielded up the secrets of their respective component parts, may we not, with sufficient patience and real divine faith, hope in time to be equally successful with the problem—PUBLIC PRESS. It may be an epic or wide, wide world problem, perhaps the world's vague epic poem, but it can be done.

Are not all these and many other subjects world wide problems? Well, they will all yield and give up their innermost secrets to the mind of the willing medium who makes the proper application of the small bits as they are revealed.

Denver, Colorado, March 10, 1916.

Messrs. L. F. Twitchell, T. J. O'Donnell, Thomas Ward, Jr., J. H. Per-
shing, Geo. J. Kindel, Frank Hall, R. D. Thompson, Andrew
Whitehead.

Gentlemen.—*Utility* has come to town via of Lancaster, Pa., by the publishers of the ninth volume of the Proceedings of the National Tax Association which as yet contains only a small part of a paper, The Plan of Utility vs. The Somers System of Taxation, by Napoleon Wagner submitted to the annual conference at San Francisco, August 10, 1915. This book may be seen at the reference department of our public library; we are informed there is much demand for it. We believe it has come to stay; it likes Denver because it was born here; its etiology may well be located among our high mountain peaks of broad views, pure air and perpetual sunshine, free from the lower strata of pollution and contamination. It is now beckoning to you and each of you to give it the encouragement of your honest conviction, not merely a welcome or greeting of flowery words, which you are so ably, by culture and patient training endowed with; but something more than the glad hand of welcome, something to pave the way, to make practical its constructive usefulness, to

give Utility on pure merit alone its first permanent abiding place (Utility with a smile if your please). Thereby doing yourself proud as well as your truly great city and the world, in recognizing and promulgating the great value of the economic principles sure to be speedily adopted throughout all countries.

When our local Assessor, Mr. Piteher's attention was first called to this matter, it was eagerly sought, and after carefully reading it, he telephoned me, in substance as follows, *viz.*: "It is the best, most practical and illuminating paper I ever read on the subject of Taxation. If the N. T. A. does not publish the balance of your paper, I am in favor of giving the paper on merit, the most extensive local circulation we can, at the city's and county's expense, because I think you deserve it for so ably handling it on a world-wide basis."

Yet, later he said to me, because of his position he would give no recognition, endorsement or testimonials of any kind. This may not be politics, but to Utility it seems, tastes and smells that way. Is such a one fitted to do the people's work or draw the people's salary, or hold any office?

The existence of any method, standard or practice, is no reason for its continuance, when a better is offered. If this is true, *why* continue or permit the obsolete, rotten, universally admitted hit or miss plan of *guess work, errors and discriminations* of all present assessors?

The present method of taxation of under-valuing the corners and of over-valuing all inside business lots is a devilish device for enabling the few to rob the many. "*Squeeze*" methods against many, in order to hand out on a silver plate, special privileges to the few by the *plain, brazen, defiant plan* of under-valuation, in many instances from 60 to 200 per cent, on honest and just comparative valuation, with their immediate neighbors each year. The plan of Utility will shape the course of taxation for the *general benefit*, instead of for the private and special interests; it will be genuinely constructive. It is a world wide subject, and it is said to be intelligently and justly developed on a world wide basis.

The courts have held "*guess-work*" must cease. See The Denver News, January 25, 1916. This is exactly the position advocated and proclaimed by "*Utility*" since 1911.

Unitedly, you gentlemen possess the unquestioned, unbiased standing and influence, not only in the forum, at the bar, but in the entire community, when you speak to be effectively heard; so when you say "Clear the track, for we are coming, we are going to adopt Utility on pure merit alone for the improvement, the wise progress and development of this community," it will be done. We have largely done the drudgery or hard work on this plan; it now only remains for you gentlemen to loan your united influence to make it effective, which perhaps no one of us would be able to do as an individual and alone.

"Utility" says, please organize at the earliest possible moment, and give her and Denver the benefit of your united wisdom and guidance.

The opinion that we ought no longer to remain defenseless against error and wrong doing, becomes *public opinion* the moment you speak; will you do it for civic and state pride and without fee of any kind to me?

Sincerely yours,

1101 Emerson St.

NAPOLEON WAGNER.

Denver, Colo., July 10, 1916.

Dr. Napoleon Wagner, Denver, Colo.

Dear Sir:—While serving the City of Denver, as a Supervisor, my attention was first directed by you to the following notorious facts, namely:

That in 1911 Assessor Arnold contracted with and paid to, The Manufacturers Appraisal Company, of Cleveland, Ohio, four thousand dollars, for putting 100 blocks of 32 lots each (\$1.25 per lot) under the Somer's Unit System of Taxation.

To your everlasting credit be it said that had you not made the timely and unanswerable argument and protest against the Somer's System of Taxation, Denver would have been fleeced out of more than \$280,000.00, if all of Denver's property had been valued on the same bunch basis, by the same scheming outfit.

You remember Assessor Arnold vowed in writing, to do this the next year, in 1912, which is a matter of public record.

The additional amount which your protest and work on taxation unquestionably saved this and other American cities, would probably exceed in value, many million dollars. This accomplishment you ought to feel very proud of.

I can further testify that you, on several occasions, have publicly denounced and criticised The Colorado State Tax Commission; that was an open secret that it was an unquestioned political body, created, organized and used chiefly for political purposes; and further, that the recently circulated re-call petition of said Colorado State Tax Commission was signed by 24,000 taxpayers, and that it was primarily and largely to be accredited to your efforts of tax reform.

Yours truly,

GEO. J. KINDEL.

Denver, Colo., Sept. 18, 1911.

Manufacturers Appraisal Co., Cleveland, Ohio.

Gentlemen:—Answering yours of the 15th by Mr. Doty, I would say it is very unfortunate that we did not have these figures extended while Mr. Young was here and unless I can get these corners and the subdivisions where they are cut up, I believe it will work a great detriment to the system and result in its being thrown out. I wanted Mr. Young to do this work for me before he left and I thought it was done, but I am unable to find any thing whereby I can make any kind of comparison. The system is simply being shot to pieces and I am without any figures or authority to prove it or show how it figures out.

I believe I can get a reasonable charge for this work from the commissioners and yet they are not heartily in accord with it on account of a great many protests and complaints that are now being filed. While this is certainly a great disappointment to me, I shall continue to fight to make it stick. We have found a great many errors and inaccuracy in the buildings and this too has added fuel to the fire.

You know the position I have taken and how I have fought for and stood by the system. I shall do it yet, but can not do it unless I am provided with the figures to do it with. If you can not do the work, and I can not get these figures within a reasonable time, please say so and I will discard the entire business. I paid you well and your own price, if I am able to stand by the guns and force this, a day you know I have the backbone to do what I undertake, there will be no question that this system will be extended to the entire city during the next year.

I feel you owe it to me to assist me in this and I certainly trust that I am not asking too much by this request. I expect to begin the new work Nov. 1.

With my personal regards and assuring you that what I may say officially does not extend to personal relations, I am, Gratefully yours,

(Signed) HENRY J. ARNOLD, Assessor.

Page 667, General Letter Book No. 3.

Denver, Colo., May 22, 1916.

Robert W. Speer, Mayor, City and County of Denver, Denver, Colo.

Dear Sir:—Nothing will or can give you, or your administration, a more blessed, lasting name and fame than to adopt a fair and honest system of taxation as clearly proven by Utility. WILL YOU DO IT? Any extra cost to get it properly installed in fair Denver, I am willing to pay, besides help to do the work without pay.

I will guarantee to harm no interest, great or small, but do even justice to all alike. Indeed after the proper blanks are printed for a correct return of the different classes of property, it can be more justly and economically administered than any other plan on earth; besides, then we will have a strictly scientific system on an honest basis. At present we have no system and no basis; positively, it is only arbitrary, confiscation guess work.

YOU CAN RAISE AS MUCH OR AS LITTLE TOTAL REVENUE as by any other method each year, simply by making the levy fit your grand total valuation; hence, this is entirely under your control; there need be no lean and no fat years, only what you may deem proper to fit your budget; but the distribution will be spread evenly and justly on all alike, real relative value.

Sincerely yours.

1101 Emerson St.

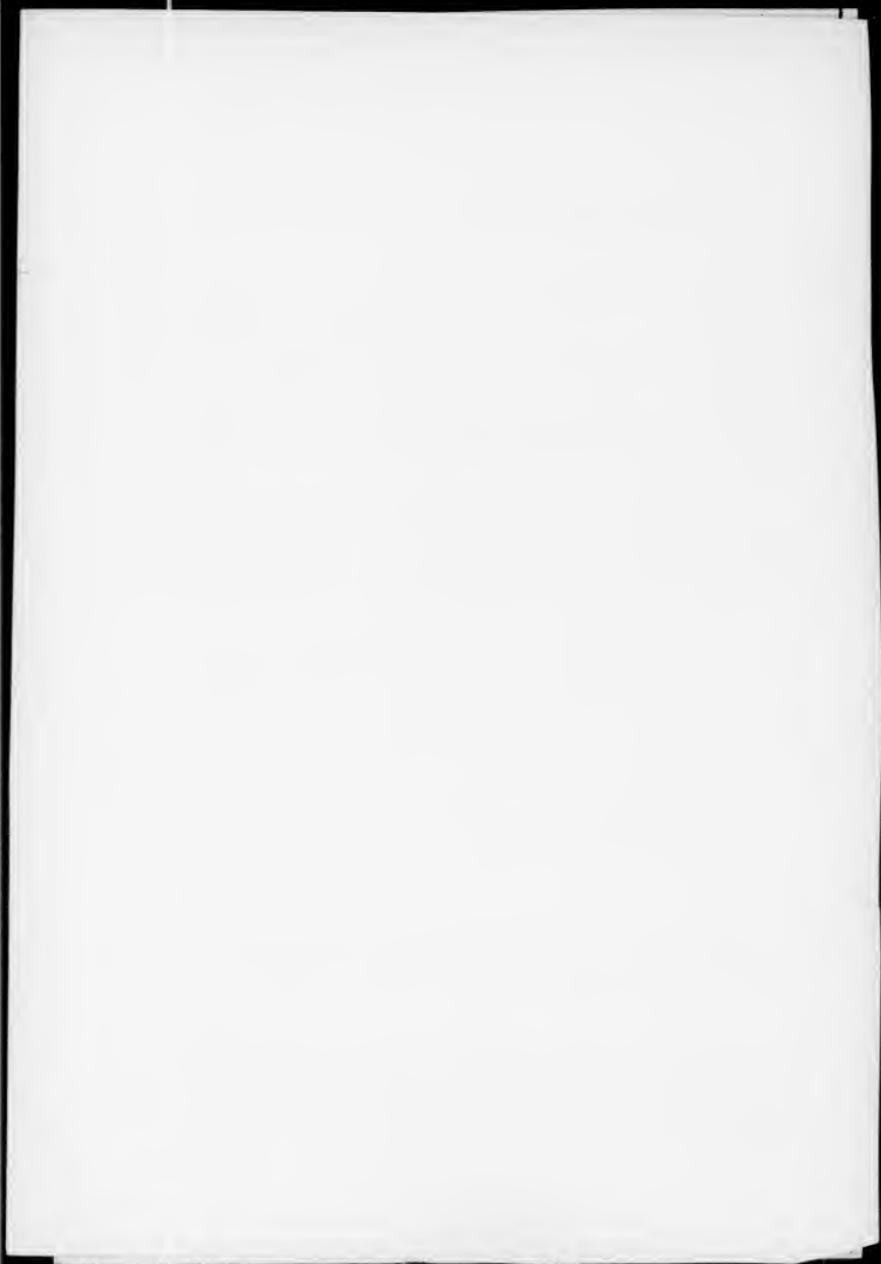
NAPOLEON WAGNER.

P. S.—I enclose herewith one page of material which will be used in the 4th edition of our new book on Taxation.

N. W.

In the language of the late Hon. Thomas M. Cooley, "The one who gives to science the principle of ascertaining proper relative value, will probably be the world's greatest human benefactor." Here it is, THE PROBLEM IS SOLVED, it only lacks official recognition.

As an unassuming member of the National Tax Association and the American Economic Association, we announce to the world, the problem of relative value is solved. We shall ask Congress to standardize it, for national and universal adoption and use. We would have you all understand what we say is true. By permission, inquiries may be directed to Mr. Andrew Whitehead, attorney-at-law, Denver, Colo.



**END OF
TITLE**